FINANCIAL TIMES

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WORLD NEWS

Pit strike may close Ravenscraig

Britain's steel industry is likely to be the first sector to incur the effects of the miners' strike, now ending its seventh week.

Scottish coal, steel and rail unions said yesterday that supplies of coal to the Ravenscraig steel complex in Scunthorpe would be limited to one trainload a day—insufficient for any steel production.

NUM Scottish area President Mick McGahey said it was time to "increase the bite" of the strike. Back Page; Pit dispute sends strike figures soaring, Page 4

Arab deaths probe

The Israeli Defence Ministry set up a commission of inquiry to investigate the deaths of two of the four Arab guerrillas killed after hijacking a civilian bus. Page 2

Tanker fire put out

A Dutch salvage team said it extinguished a fire aboard the Safina el-Arab, a Saudi-registered oil tanker ablaze 100 miles south of Kharg Island, Iran's main oil terminal. Iraq said its navy destroyed "three enemy naval vessels" in the northern Gulf.

Lebanon unity bid

Lebanon's Prime Minister-designate Rashid Karami began talks with members of parliament on forming a government of national unity.

Punjab shooting kills 7

Indian security forces laid siege to a Sikh temple after at least seven people died in a gun battle in the north Indian state of Punjab.

Nigeria halts flights

Nigeria stopped international flights to all airports in the country except Lagos, as part of its measures to control currency smuggling after new bank notes were issued.

Video Bill critics fail

Critics of the Video Recordings Bill—which bans "video nasties"—failed in the Lords to reduce the scope of planned controls on video films.

Four Britons held

Four Britons were arrested in the Channel port of Calais after trying to exchange counterfeit £50 notes for francs.

Pakistan security order

Pakistan's military government ordered stepped-up security around the British Embassy in Islamabad following twin bomb threats against the British community.

Nato bans article

The Nato Review refused to publish an article by one of its former defence planners which argues that alliance planning is "wasteful in terms of money, manpower and resources."

Kennedy autopsy

Traces of cocaine and the painkiller Demerol were found in an autopsy on the body of David Kennedy, who died on Wednesday in a Palm Beach, Florida, hotel room, but did not establish a cause of death.

New trial for Von Bulow

The Rhode Island Supreme Court granted U.S. socialite Claus von Bulow a new trial on charges that he twice tried to murder his heiress wife with insulin injections.

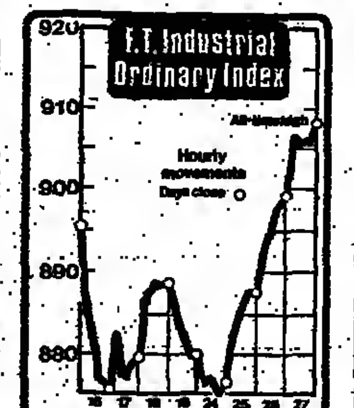
BUSINESS SUMMARY

Rolls-Royce invests in U.S. airline

ROLLS-ROYCE, the British aero-engine maker, is investing £20m in a new U.S. airline in return for an eventual order for Boeing airliners equipped with Rolls-Royce engines.

Jet Express of Chicago has agreed to order two Boeing 757 airliners with Rolls-Royce RB-211-535 engines in return for the investment and further orders are expected to follow. Back Page

EQUITIES continued to gain following Wall Street's extended recovery overnight. The FT



Industrial Ordinary index passed last month's peak to close 8.9 up at a record 908.0. Page 34

JAPAN disclosed that its trade and current account surpluses both hit record levels in the year to March, and unveiled a package aimed at redressing its trade imbalances. Page 2

BRAZIL retreated in its long-running steel dispute with the U.S. by announcing substantial voluntary curbs on its exports of steel products to the U.S. over the next three years.

POLAND reached agreement with representatives of 500 Western bankers on the rescheduling of $1.7bn in capital payments due by 1987. Page 2

NATIONAL Union of Journalists defied a High Court order requiring it to withdraw official support for striking journalists at David Dimbleby's Richmond and Twickenham Times newspapers. Page 4

LAWYERS have been appointed to represent the descendants of the four 19th century owners of £9m worth of shares in the Press Association.

GENERAL Motors, biggest motor group in U.S. and the world, more than doubled net earnings in the first quarter to $1.61bn (£1.15m). Page 23

VOLVO, Swedish industrial group, is to invest SKr 20bn (£1.8bn) in its booming car division over the next six years

GUINNESS Mahon, the merchant bank, is to take a 29.9 per cent stake in White and Cheeseman, a small London stock-jobber specialising in overseas stocks. Page 3

BRITISH Syphon Industries, drinks equipment maker, put in a contested bid worth £12.44m for James Halstead, the floor coverings group. Page 24

MERCURY Communications plans to start a telephone and data service between London and New York which it claims could cut users' bills by a third. Page 3

FLIGHT Refuelling (Holdings), aircraft equipment and electronics concern which took over the Hunting Group in August, increased annual pre-tax profits by 66 per cent to £7.56m in 1983. Page 24

MARKETS

DOLLAR	STERLING
New York lunchtime	New York lunchtime $1.405
DM 2.71125	London: $1.4015 (1.403)
FFr 8.31	DM 3.795 (3.785)
SwFr 2.239	SwFr 3.135 (3.1275)
Y226.775	FFr 11.64 (11.605)
London:	Y318 (317.25)
DM 2.706 (2.6965)	Trade weighted 79.7 (79.8)
FFr 8.31 (8.2725)	**LONDON MONEY**
SwFr 2.235 (2.227)	3-month interbank:
Y226.65 (226)	mid rate 8 11/16% (8¾)
Trade weighted 128.9 (129.0)	3-month eligible bills:
Tokyo close Y226.3	buying rate 8 11/32% (same)
U.S. LUNCHTIME	**STOCK INDICES**
Fed Funds 10⅛%	FT Ind Ord 908.0 (+8.9)
3-month Treasury Bills 9.62%	FT-All Share 534.83 (+0.5%)
Long Bond 93 7/32	FT-A long gilt yield index:
Yield n/a	High coupon 10.26 (+0.01)
GOLD	New York lunchtime:
New York: Comex May latest	DJ Ind Av 1,170.96 (−4.29)
$375.7	Tokyo:
London: $378 ($376.75)	Nikkei Dow 10,961.68 (+80.16)

Chief price changes yesterday, Back Page

Police escort 30 Libyans from People's Bureau

BY RICHARD JOHNS

THIRTY occupants of the Libyan People's Bureau finally left the building in St James's Square, London, yesterday almost exactly 11 days after the killing of WPC Yvonne Fletcher and the wounding of 10 demonstrators on April 17.

Last night 12 British diplomats, together with two unaccredited staff, were waiting to leave Tripoli, while the 30 Libyans were being questioned amid tight security at the Civil Service College, at Sunningdale, a dozen or so miles from Heathrow Airport where an aircraft was waiting for them.

Tension continued despite the orderly evacuation of the Libyan embassy as the timing of the release of the two beleaguered contingents remained clearly inter-related.

Over a period of little more than an hour yesterday morning—from 09.47 to 10.55 am—the 30 Libyan nationals left 5 St James's Square in six groups of five. They were led out on each occasion in single file by one of two intermediaries from the embassy who had been liaising with the Metropolitan Police.

With the apparent resolution of the deadlock political inhibitions about discussing the handling of the crisis began to crumble.

Yesterday Mr Gerald Kaufman, Labour Home Affairs spokesman, said he will ask questions about discrepancies in the statements by Mr Leon Brittan, the Home Secretary, and what eventually transpired, writes John Hunt.

Dr David Owen, SDP leader, called for a Falklands-style independent inquiry into the events of the siege and the killing of the policewoman.

Mr Brittan told the Commons earlier in the week that the police would satisfy themselves that anyone emerging from the embassy was not carrying arms or explosives.

In the event the Libyans departed without the police searching diplomatic baggage believed to contain weapons. Police will not search the bureau until after midnight on Sunday—the British Government's original deadline for the Libyan departure.

With the return of Sir Geoffrey Howe, the Foreign Secretary, from China there will be pressure for a statement from the Foreign Office. There is likely to be criticism that the bureau was allowed to continue as an embassy after the takeover by revolutionary students last February.

MPs—including Tory backbenchers—will also want to know whether the Foreign Office received a message, intercepted by U.S. intelligence, giving a warning of what could happen if the Libyan dissidents went ahead with their demonstration outside the embassy.

Some Tory MPs would like the Public Order Act to be tightened to prevent demonstrations of the type which sparked off the St James's Square siege. Such demonstrations have become commonplace outside the embassies of third world countries in London.

In line with the recommendation of the Scarman Inquiry, the Home Office is currently carrying out a review of the Act. The report is due shortly. Man in the News Back Page

Underlying jobless total falls but stays above 3m

By Max Wilkinson, Economics Correspondent

UNEMPLOYMENT IN the U.K. showed an underlying fall in April, for the first time in 8 months, according to official figures released yesterday.

The fall, which brought the underlying total excluding school leavers to 3,012m, was greeted with relief in Whitehall. It followed some relatively sharp rises at the beginning of the year which cast doubt on the Government's claim that unemployment was "flattening out."

Mr Tom King, Employment Secretary, said: "The figures are now more in line with the picture that is emerging of a generally strengthening economy but with a continuing major challenge on the employment front."

Yesterday's more cheerful evidence on unemployment followed an official estimate last week that the number of people in work rose by 200,000 in the nine months to December.

However, the rather cautious official reaction to the April unemployment figures was underlined by the fact that the underlying total out of work had still not fallen back below 3m.

The total number of people out of work, including school leavers, fell by 35,000 in April to 3,108m. The number of school leavers unemployed fell by 9,000 to 35,000.

However, the 26,000 fall in the number of adults unemployed was scarcely more usual at the time of year. The recent rather erratic pattern of the figures casts some doubt on the monthly corrections for seasonal factors.

Over the last six months the underlying number of people unemployed has been rising at an average rate of about 12,000 per month. This compares with monthly rises of 25,000 to 30,000 per month in the early part of last year.

After seasonal adjustment, 147,900 vacancies were reported to job centres in April, almost 11 per cent more than a year earlier, but 12 per cent fewer than in October.

However there was an encouraging pointer in yesterday's figures that although the

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Regional map, Page 3

Equities spurt sets FT index records

BY MAX WILKINSON AND RAY MAUGHAN

THE LONDON equity market put on a final spurt at the close of the Easter account yesterday, when the FT Industrial Ordinary index broke through the 900 barrier again to establish an all time high of 908.0.

This latest rise took the index, which charts the performance of the 30 leading shares, to a level 30 per cent higher than a year ago. In the last four years, the index has risen 113 per cent. The FT-Actuaries All-Share index also moved up 0.5 per cent yesterday to a new high of 534.89.

The Bank of England took the opportunity to announce a new £1bn short dated tap stock, a 9½ per cent Treasury Convertible stock to be redeemed in 1989.

The announcement, though widely expected caused some setback in gilt edged prices which ended the day about ½ point lower.

The gilt edged market, which has been showing considerably less buoyancy than the equity market is still clouded by the recent rise in U.S. interest rates and the associated rise in the dollar.

This strengthening of the dollar continued in London yesterday with a closing rate of DM 2.706 in London compared with DM 2.697 at the close in London on Thursday. This appeared to establish the dollar on new ground above the DM 2.7 level, which many dealers regarded as a psychologically important resistance level.

The rise of the dollar was associated with some easing of sterling which also appeared to have rather an unsettling effect on the gilt market. The pound slipped by 15 points to $1.4015, but it remained strong against continental currencies so that its Bank of England trade weighted index fell only to 79.7 compared with 79.8 at Thursday's London close.

The equity market, however, seemed to ride above any nervousness about sterling and the trend of U.S. interest rates.

The FT index gained 8.9 points during the day as the culmination of a three week trading period in which it had risen by 46.6 points, the equivalent of a 5 per cent rise in share values.

Sunshine, some technical factors and a crop of healthy company results stimulated what dealers described as a lot of turnover in blue chips.

Handsome first quarter results from ICI, 40 per cent better than its profits in the last three months of 1983, were the pick of the brokers' bunch.

As ever, Wall Street's influence was prominent where the recent results from General Motors, Ford and Monsanto have also been encouraging.

Some big jobbing firms were ruling their books off on a year's trading yesterday and are understood to have bought in stock to square previously short positions.

The previous peak of the FT Ordinary index was scaled on March 21 when the index hit 901.4 although it has since

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Governor urges robust City rules

BY MICHAEL PROWSE AND ERIC SHORT

THE NEED for a new and "robust regulatory framework" in the City of London was stressed yesterday by Mr Robin Leigh-Pemberton, Governor of the Bank of England.

His view stems from the rapid breakdown of barriers between financial institutions since the Government's out-of-court settlement with the London Stock Exchange last July.

The governor, speaking at the annual conference of the British Insurance Brokers' Association, suggested that if the "buyer beware" approach to investor protection had ever had any persuasiveness, it had evaporated with the rush of alliances between brokers, bankers and insurers.

The conflicts of interest emerging as groups attempted to weld comprehensive financial services companies require "new measures, approaches and procedures." But the governor expressed his support for the principle of "self-regulation" laid down in Professor Tim Gower's report on investor protection. This, he said, was the best way of ensuring adequate investor protection without inhibiting innovation.

At the same conference, Prof Gower said he would favour a self-standing commission as the ultimate supervisory authority rather than the Department of Trade and Industry. He expressed concern over the emergence of financial supermarkets, saying that the parent organisation should accept full responsibility for its activities.

Mr Leigh-Pemberton suggested that the first task in constructing a new system had to be the creation of an appropriate family of self-regulatory agencies. He offered no advice, however, on the crucial question—whether they should be based on trade association or new functional divisions.

The Government recognises that, with change speeding up, it must indicate the approach it favours before the publication of a White Paper on investor protection this autumn.

The Government appears still to be unsure how much statutory backing the self-regulating agencies will require. A ministerial speech in July, before the summer recess, would give the City time to plan ahead of legislation in the 1985-86 parliamentary session.

The governor cited the proposed merger between Charterhouse J. Rothschild and Hambro Life as evidence of the broad change sweeping the City. "How in these circumstances can the full-blooded caveat emptor case retain any credibility?" he asked. "The direct and indirect conflicts of interest inherent in the plurality of the functions to which financial institutions now aspire are so manifold that the investor cannot be left to look after himself."

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Conoco plans Surrey gas wells

BY DOMINIC LAWSON

THE U.S. oil company Conoco is planning drilling to assess the largest inland gas find in Britain.

Conoco's discovery more than a year ago in Chiddingfold, Surrey, is larger than realised, and the company plans two further wells—one in nearby Dunsfold — tn determine the scale of the field.

Best estimates are of abnut 65bn cu ft of gas—enough to supply 2m families for a year. If the next explnration well is a success, however, the field could prove as large as 100bn cu ft. The only nther onshore gas field nf significance—in Lockton, Yorkshire—contained about 3bn cu ft. It ceased production 10 years ago.

Conoco has had tentative discussions with the British Gas Corporation about linking the field into the national network. It is believed that development would involve three prodncing wells, which wnuld drain the reservoir over about eight years.

Conocn has met opposition at two meetings in the area. Many inhabitants fear the disruption the appraisal nf the find could cause.

At the second meeting Mr Frank Bullen, a local councillor, surprised Conoco by revealing that he had been authorised by British Aerospace to say it would look with sympathy nn a proposal tn drill on Dunsfnld airfield.

This is a high-security area used tn test Harrier and Hawk aircraft, and is not environmentally sensitive. Conoco said yesterday that it would meet British Aerospace on Thursday.

Conoco has a 50 per cent stake in the field. The rest is shared eqnally between the UK companies Tricentrol and Charterhouse Petroleum.

Chinese leader lectures Reagan

BY MARK BAKER IN PEKING

PRESIDENT REAGAN faced strong criticism of U.S. foreign policy yesterday during his first round of talks with Chinese leaders on his six-day visit tn China.

Zhan Ziyang, the Chinese Premier, lectured Mr Reagan over U.S. involvament in Central America and the Middle East, and over its policy on nuclear disarmament.

He said that China believed the tension in Central America was being aggravated by U.S. policy, and singled out the mining of ports in Nicaragua and the invasion of Grenada.

"We oppose the meddling in the affairs of Central America by any big Power, and we are not in favour of some of the practices of the United States in this reginn," he said, according to senior Chinese officials.

"We hope that the U.S. will support the efforts by the Contadora group (Mexico, Venezuela, Panama and Colombia) for the relaxation of tension in that area."

On the Middle East, Zhan said the U.S. shonld consider talks with the Palestine Liberation Organisation to break the deadlock in the region. The U.S. should respect the desire and will of the Arab countries and people" to recognise the legitimate rights of the Palestinian people."

Zhao told Mr Reagan that the U.S. should cease further deployment of medium-range nuclear missiles in Europe as a step to reducing the dangerous level of nuclear tension.

He called on the Soviet Union to stop "so-called countermeasures" so that the two superpowers could resume nuclear negotiations.

"If the two sides continue their deployment of these missiles there will inevitably be a progressive escalation of the arms race in Europe which will aggrevate the international tension," be said.

Mr Reagan, with Zhao and We Xueqian, the Chinese Foreign Minister, held two long sessions of talks. The President later met Hu Yaobang, general secretary of the Communist Party, before attending a welcoming banquet in the Great Hall of the People.

Earlier, Zhao told reporters that the issue of Taiwan remained "a major obstacle to the development of Sino-U.S. relations."

"We have taken note of the fact that the American Government has stated on several occasions that it intends to abide strictly by the three joint communiques concluded between China and the U.S.

"We hope that we can see more actual action in this regard."

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Japan announces tariff cuts on 71 products

BY JUREK MARTIN IN TOKYO

JAPAN YESTERDAY unveiled an economic package designed to redress foreign trade imbalances while simultaneously disclosing that both its trade and current account surpluses had hit all time records in the fiscal year which ended last month.

The package itself, details of which have been well advertised in advance, features a total of 71 tariff cuts on assorted industrial and agricultural products—over 20 of them in direct response to European demands. In addition the package include a variety of proposals, mostly consultatory, intended to expedite inward trade and investment.

In the 1983 fiscal year Japan recorded a current account surplus, the broadest calculation of trade and capital flows, of no less than $24.28bn—well above the previous high of just under $14bn set in fiscal 1977.

The commercial trade surplus rose to $34.60bn, easily exceeding the previous record of $20.50bn of fiscal 1978. The Government here concedes that both surpluses are likely to be higher in the new fiscal year.

The returns for March, the final month of the 1983 fiscal year, also constituted monthly peaks, with the current account surplus reaching $3.37bn and the trade surplus $4.23bn. In spite of the recovery in the domestic economy, exports in March rose by 18.9 per cent while imports went up by only 11.6 per cent—a continuation of the trend which defies Government predictions of a more even growth between the two sectors.

Even the Japanese Government does not believe that yesterday's package will, by itself, have an immediate impact on the external account figures. Indeed, officials here were more intent on stressing the potential implication for inward trade and investment through joint consultation with Japan's major trading partners than on emphasising quantitative or foreseeable results.

From the European perspective, Japan was at pains to stress that its acceptance of certain European standards and certification procedures, especially for electrical equipment, chemical substances and possibly *pharmaceuticals*, went a long way towards meeting specific EEC requests.

Japan also believes that its proposals for joint consideration, with foreign countries, of product testing in the Japanese market also constitutes a departure from past practice which, it contends, could prove useful.

By the same token, the proposed extension of the Office of Trade Ombudsman to include investment as well as straight imports is also seen here as a major advance, though the office has been widely criticised in Europe and the U.S. as ineffective.

Substantial elements of the package also remain to be resolved by the Japanese themselves. These include the precise nature of financial liberalisation, on which the Ministry of Finance is not due to pronounce in detail until the end of next month, as well as technological items such as satellite procurement policies and any new law governing computer software copyright.

U.S. suffers record monthly trade deficit

By Stewart Fleming in Washington

THE U.S. suffered its third consecutive record monthly trade deficit in March raising fears that the deficit for the year could rise above $110bn (£78.6bn) amid intensifying protectionist pressures.

The Commerce Department said yesterday the merchandise trade deficit in March hit $10.3bn, bringing the quarterly deficit to $30bn for the whole of last year. The U.S. trade deficit was $69.4bn, itself a record.

The rapid deterioration in the trade position is attributed to the vigour of the U.S. economy, which is sucking in *imports* in order to satisfy domestic demand, the strength of the dollar, which is making foreign goods more competitive in the domestic market as well as weakening the competitive position of U.S. exports, and the fragile state of important U.S. export markets in heavily indebted Latin American countries.

The March figures underline the impact which the U.S. economic upturn is having on trade. Imports rose to a record of $28bn because of sharp increases in capital and consumer goods, imports, including steel, cars, office machines and data processing equipment, power generating machinery and oil.

Businessmen in the U.S. have expressed growing dismay about the trade deficit.

This week, for example, the steel industry stepped up its campaign in Washington for new legislation to curb steel imports.

U.S. exporters are concerned that their competitive position is being steadily eroded because of the strength of the dollar. They say they are *losing* markets which will be difficult to recover.

Some Democratic political leaders, including Mr Walter Mondale, the front runner for his party's presidential nomination, have been citing the deterioration of the U.S. trade accounts as evidence of the failure of the Reagan Administration's economic policies and of the urgent need for stiffer measures to curb imports in order to protect jobs.

Yen loan for Philippines

THE JAPANESE Government yesterday formally approved a Y55bn (£173.4m) loan package for the ailing Philippine economy which includes an "emergency" allotment for basic commodities, reports AP-DJ from Tokyo.

The new package, was approved by Prime Minister Yasuhiro Nakasone's Cabinet on Friday morning, according to Japan's Kyodo news service.

The Philippine economy has been in difficulties since the assassination last August of the country's leading opposition figure, former Senator Benigno Aquino.

The package for the fiscal year which ended on March 31 1984, contains Y35.2bn in commodity loans, Y7.3bn for three construction projects and Y13bn for rescheduled payments on earlier loans, Kyodo said.

Israel to hold inquiry into deaths of Arab hijackers

BY OUR TEL AVIV CORRESPONDENT

The Israeli Defence Ministry, bowing to mounting pressure, has set up a commission of inquiry to investigate the deaths of two of the four Arab guerrillas killed after hijacking a civilian bus.

Despite military censors' attempts to suppress evidence, there have been persistent reports that one and possibly two of the guerrillas may have been captured alive when Israeli soldiers stormed the bus in the occupied Gaza Strip two weeks ago, freeing 35 passengers. One passenger later died from gunshot wounds.

It has been suggested that a guerrilla may have been executed after a hurried interrogation.

If confirmed it would mark a radical change in Israeli policy which could mean that in *future operations* Palestinian guerrillas holding civilian hostages would have less incentive to spare their prisoners' lives.

It could also endanger the lives of three Israeli soldiers being held by Palestinian guerrillas and possibly pose embarrassing questions for *Mr Moshe Arens, the Defence Minister*, in the forthcoming general election campaign.

The Defence Ministry said the commission would be headed by reserve Major-General Meir Zorea, a respected figure who has served as Inspector General of the armed forces and has conducted previous military investigations.

Yesterday's announcement gave no clue whether the findings would be published before the July 23 general election. It said the report would first be submitted to Mr Arens and then published.

There have been contradictory reports about the aftermath of the bus hijacking. Some journalists *reported* seeing the bodies of three guerrillas.

Officials at first said two guerrillas were killed and two taken prisoner. But later they said all four were dead. The four, residents of the Gaza Strip, were later buried.

Censors have stopped local newspapers from *printing* their own investigations into the affair but have failed to prevent publication of blurred pictures which apparently show a man being led away from the area by security men.

A more sharply focused photograph, banned by censors, reportedly shows a handcuffed figure identified by relatives as Majdi Abu Jamma, being taken from the scene. The army has said Abu Jamma was one of the hijackers.

Although many Israelis clearly feel the hijackers deserved to die, it is widely recognised here that a policy of killing guerrilla captives could have dangerous repercussions. The affair is embarrassing for Mr Arens because he took charge of the operation to storm the bus.

Brazil curbs steel exports to U.S.

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL has backed down in its acrimonious, eight-month-long dispute with the U.S. over steel *subsidies. The Finance Ministry* has announced substantial voluntary curbs on Brazilian exports of steel products to the U.S. over the next three years.

The announcement follows the breakdown of attempts to establish a bilateral pact on the lines agreed last year between the U.S. and the European Community.

Over the next 12 months exports of carbon steel to the U.S., Brazil's most important market for steel products, will be limited to 430,000 tonnes. In 1983, the U.S. took 814,000 tonnes out of total Brazilian steel exports of 1.2m tonnes.

The curbs will start next Tuesday, affecting heavy steel plate, hot and cold rolled wire rods and carbon steel coil. The decision was communicated to Mr Malcolm Baldridge, the U.S. Commerce Secretary, in a letter from Sr Ernane Galveas, the Brazilian Finance Minister.

In return for its concessions, the Brazilian Government expects the U.S. to withdraw all the anti-dumping and subsidy suits filed against its steel products. A U.S. Commerce Department team is to visit Brazil next week.

A senior finance ministry official yesterday estimated the annual "loss" Brazil would suffer as a consequence of the curbs on its exports to the U.S. at between $80m and $100m. "We hope the U.S. understands the size of the sacrifice we are making," said Sr Tarcisio Marciano da Rocha.

U.S. diplomats, however, stressed the fact that Brazil is likely to achieve an overall $4bn trade surplus with the U.S. this year. Brazilian exports of textiles and shoes to the U.S. are booming, while imports have been sharply cut back.

Brasilia's decision was, no doubt, made easier by the country's latest steel export figures. These show that in the first two months of 1984, sales abroad were 43 per cent up on the same period in 1983, earning $265m, against $183m. Exports to new markets such as Iran and China have climbed steeply over the past 18 months.

Despite its strong export performance in 1983, the state-run Siderbras group, responsible for two-thirds of Brazil's steel exports, yesterday announced an operating loss last year equivalent to $610m, significantly up on its 1982 loss of $533m.

Maize meal price up sharply in South Africa

By Our Johannesburg Correspondent

THE COST of maize meal, the staple food for South Africa's black population, is to rise 16.5 per cent following an increase of 26.5 per cent in the producer price, announced this week by the country's maize board.

The impact of the increase is partly cushioned by a Government subsidy, and further relief is possible later this year. Last month Mr Owen Horwood, the Minister of Finance, said he would consider exempting basic food items from the 7 per cent general sales tax currently imposed on most transactions.

Black consumer groups have reacted angrily, however, saying that the increase comes on top of high unemployment, and pointing out that animal feed prices will also rise, leading to price increases in eggs, dairy products and meat.

The chairman of the maize board, Mr Crawford von Abo, said that the move was "the price South Africa had to pay after being battered by the drought and for not being self-sufficient in maize."

The country is usually a maize exporter, but this year will import between 4m and 4.5m tons to make up for the shortfall in domestic production caused by the worst drought this century.

Over 10,000 black students are boycotting schools in Pretoria and the eastern Cape, calling for reforms of the educational system.

The United Democratic Front, an informal alliance of opposition groups, has warned that the boycotts could "spread the length and breadth of the country" unless government responded to pupils demands which include the establishment of student representative councils.

Mexican bank may seek loan

BY DAVID GARDNER IN MEXICO CITY

A MEXICAN public sector company is considering a return to the money markets for a syndicated loan after the signing in New York yesterday of Mexico's new $3.8bn (£2.7bn) jumbo credit.

This would be the first time a Mexican public sector corporation has approached the market for new finance since the country's financial crisis in August 1982.

Finasa, the state-owned bank which serves the sugar industry, plans to seek a syndicated loan for $100m-150m. This loan would be in the form of banker's acceptances and used to finance the building of sugar warehouses.

No mandate has yet been issued and a decision to go ahead has yet to be taken by the Treasury. Senior Treasury officials are expected to sound out the opinion of the international banks in New York.

Finasa said its borrowing plans were part of an attempt to "get back to business as usual" with U.S. and European banks. Other public sector companies were also beginning to consider a return to the market, it added.

Since the autumn of 1982, Mexico has raised over $16.5bn in new money from the banks, the IMF, the Bank for International Settlements and U.S. Government agencies, rescheduled $23bn in public sector debt, and devised a scheme to protect private companies from foreign exchange fluctuations on $11.6bn of their foreign borrowing. It has *also* renewed existing trade credit lines and opened new ones.

Mexico's strategy now, however, is to try to move to a position where the markets will resume "voluntary" lending to it once again, after 18 months of "sourced" lending.

But, despite the remarkable turnaround Mexico has achieved on its external accounts—last year's current account surplus was $5.5bn against a 1982 deficit of $4.9bn—and in rebuilding its reserves to a level of about $8bn, some bankers and analysts believe it is too soon to approach the Euromarkets.

It is also argued that any attempt to test the water should be carried out by a solidly blue chip corporation such as Pemex, the state oil company.

Repayment delay likely for Venezuela

By Margaret Hughes

VENEZUELA'S commercial bank creditors are expected to agree to another 90 days' moratorium on the repayment of principal on Venezuela's estimated $27bn public sector debt when the present one—the fifth—expires on Monday.

The request for an extension was put to the 13-bank advisory committee, headed by Chase Manhattan, during talks this week in New York. This was the first to be held between the full committee and the negotiating team of the new Venezuelan administration, elected last December. Telexes recommending the extension to creditor banks were sent out yesterday by the advisory committee.

The recommendation follows assurance from the Venezuelan team, headed by Sr Carlos Guillermo Rangel, that the first payment of private sector interest arrears using the new mechanism, whereby the Government provides foreign exchange at a concessionary rate, will be made over the weekend by Electricidad de Caracas.

No interest payments have been made on private sector debt — estimated to total between $6bn and $7bn—since February of last year. These arrears, which are now estimated to have reached the $800m to $850m mark, have been a major stumbling block.

The Venezuelan team also reported that interest arrears on public sector debt have been largely eliminated following payment of some $400m over the past month or so.

Polish debt rescheduling agreed

BY CHRISTOPHER BOBINSKI IN WARSAW

A NEGOTIATING TEAM representing some 500 Western bankers left Poland yesterday after agreeing to reschedule $1.7bn of principal falling due between 1984 and 1987.

The agreement, which is formally to be signed in July, is the latest in a series of annual rescheduling agreements that started in 1981. It means that Poland has rescheduled all outstanding commercial bank debts raised in the 1970s and can be regarded for a time as a normal debtor seeking loans.

However, capital repayments of debts rescheduled in 1981 start to come due in 1986. This will probably make further refinancing operations necessary.

The interest rate on this week's rescheduling agreement has been set at 1¾ per cent over Libor, a slight improvement on last year's rate of 1⅞.

The $1.7bn sum has been rescheduled for a period of 10 years with a five-year grace period. The agreement also breaks with the previous pattern under which the banks agreed to lend Poland back some of its interest payments in three-year credits.

However, the banks are now understood to be willing to provide Poland with short-term credit facilities available towards the end of this year and in 1985 to the value of some $700m. Half of this sum would be new funds while the rest would come from Polish payments of interest arising from the 1982 rescheduling agreement.

Meanwhile, talks in the Paris Club between the Polish and Western governments on Poland's government debt are marking time and the date for a further meeting still has to be fixed.

According to official figures, at the end of last year, Poland owed Western governments and banks $26.3bn, around half of which is government debt.

Cairo, Moscow restore relations

By Richard Johns

EGYPT is to resume diplomatic relations with the Soviet Union after an interval of more than two years, Mr Kamal Hassan Ali, Egypt's Foreign Minister, said in a television interview on Thursday night.

Mr Ali's statement came a week after Mr Vladimir Polyakov, head of the Near East Department of the Soviet Foreign Ministry, had visited Cairo and held talks with Mr Boutros Gali, Minister of State for Foreign Affairs.

Last week Mr Ali was quoted by a Kuwaiti newspaper as saying that Egypt's relations with Israel were in a state of "frozen peace."

In his broadcast yesterday the Egyptian Foreign Minister criticised Israel's continued occupation and settlement of Arab territory, though he reiterated Cairo's commitment to peace.

Mr Ali said Israel's settlements on the West Bank, its invasion of Lebanon and "denial" of Palestinian rights were examples of its violation of the Egyptian-Israeli peace treaty concluded in March 1979.

He denied reports that Field Marshal Mohammed Abdel-Halim Abu Ghazala, Egyptian Minister of Defence, had recently visited Syria.

Moynihan decides to stay after CIA apology

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

SENATOR Daniel Patrick Moynihan has withdrawn his resignation as vice-chairman of the Senate intelligence committee intended to heal an angry rift between the committee and the Central Intelligence Agency over covert U.S. activities in Central America.

The New York Democrat reversed his position after Mr William Casey, the CIA director, formally apologised to the committee for failing to keep it adequately informed about U.S. involvement in the recent controversial mining of Nicaragua's harbours.

Mr Casey promised to do better in future and to give prior notice of "any significant anticipated intelligence activity."

The agreement was announced after what was described as a "spirited, sharp" closed-door meeting between Mr Casey and committee members, who have felt deeply slighted by Mr Casey's failure to spell out details of the mining to them earlier. Mr Moynihan first announced his resignation 12 days ago in protest at Mr Casey's secretiveness.

Mr Casey reassured the committee that the mining had been halted and agreed to work out new procedures for consultations with the committee.

U.S. seeks invalidation of Nicaraguan claims

BY WALTER ELLIS IN AMSTERDAM

THE U.S. Government yesterday sought to have Nicaragua's claims against it concerning U.S. support for anti-Sandinista rebels declared invalid before they could be heard by the International Court of Justice.

According to Mr Davis Robinson, head of the U.S. delegation to the court, Washington no longer accepted the court's jurisdiction in matters involving Central America. The U.S. declaration of 1946, in which it accepted the court's role worldwide, had been modified on April 6, and the U.S. now rejected the court's right to deliver a verdict on the Nicaraguan claim.

The U.S. also contended, in a note submitted to the court yesterday morning, that Nicaragua had never signed the relevant legal instrument of the League of Nations in 1939 that gave it the right to take claims to The Hague.

The court has replied that while there may be some technical merit in the second point, the whole question of the rights and wrongs of the case, including Nicaragua's own claims, must be given proper consideration.

Nicaragua's left-wing Sandinista Government is seeking to have U.S. support for the so-called "Contra" forces operating against it declared contrary to international law.

Bonn comes up against the unadventurous shopkeeper

Rupert Cornwell on why a proposal to extend West German shopping hours is running into trouble

WHATEVER else the qualities of the Germans, they must certainly be the most unadventurous race of shopkeepers upon the face of the earth—as Herr Heiner Geissler is presently finding to his cost.

The reasons for the fuss lie in two modest proposals gingerly advanced by the Bonn Social Affairs Minister: that West Germany's *rigid controls* on shopping hours be loosened just a fraction, and that stores be freer to hold special sales as and when they want.

Such steps, one might think, would be the least to be done to bring the country into line with almost everywhere else in Europe and beyond. Poor Mr Geissler however has merely succeeded in invoking the anger of protest and interest groups ranging from women's rights activists on the Left to the mighty conservative bulwark of the trade and retail association.

Of all the local oddities of West Germany, few are more bewildering—or irritating—to the newcomer than the *Ladenschlussgesetz*, literally "shop-closing law."

Promptly at 6.30 pm every weekday evening, the shutters come down—not just for supermarkets or chain stores, but in the tiniest corner shop. For expatriate British, the Panasian *Emporium of the ubiquitous Mr* Patel, open at all hours all days for anything from razor blades to bread, bacon or papadums, is a tantalising memory from across the Channel.

Once the fatal hour has struck, not a shop here is left open—and the misery continues into the weekend as well, thanks to the *rule* that Saturday is a half-day. True, there is the theoretical consolation of the so-called "long" Saturday, the first in the month, when shops can stay open until the evening. In fact though, half of them do not.

For the improvident in Bonn, *the closest (at 40 km away)* and (for all I know) only escape is the shopping arcade under Cologne station, which for some miraculous reason has been exempted.

Herr Geissler now wants to make matters a trifle simpler by allowing shopkeepers, *if they want* to open and shut later. He has also suggested, as part of a Government "debureaucratisation" *(Entbürokratisierung)* draft law, that restrictions on special sales be lifted, and that an act of 1933, limiting ordinary discounts offered by traders to 3 per cent, be repealed.

The whole package, he has dared suggest, might create needed part-time jobs and help keep prices down. Moreover, German consumers, he has pointed out, are more informed and critical than before, and certainly able to tell a phoney bargain from a real one.

But this, apparently public-spirited initiative seems bound to fail—as have all others of its kind in the past.

The potent *German Chamber* of Industry and Commerce (DIHT) has decreed that special offers would only lead to "exploitation and abuse" of the helpless consumer. If further practised by the big stores, they would drive the little man out of business.

Such lofty condemnation, *however*, has been nothing to the ire aroused by the idea of shops staying open longer. "The Germans—a lazy people?" was the cover story of a leading economics magazine here this week: it could just be right.

The unions, the Left and the not-so-Left and small enterprise lobbies have reacted as one. Longer hours would create no new jobs, lead to further exploitation *of* overstressed shop assistants and mean that people would not be able to catch the right bus home. The *fabric of* national life, in short, would be threatened.

The best argument against Herr Geissler, however, was that the best way of improving consumer convenience was none other than the 35-hour week. This would give everyone five more hours per week to spend in the shops—and on full pay of course.

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Guinness Mahon in link with jobber

By Charles Batchelor

GUINNESS MAHON, the merchant bank, is to take a 29.9 per cent stake in White & Cheesman, a small London jobber (market-maker) which specialises in overseas stocks, foreign bonds and Irish gilts.

Agreement was announced yesterday on the deal whereby White will issue new shares to Guinness Mahon, although their value was not disclosed.

This is the sixth time a bank has established links with a jobber since the barriers between sectors of the City started to come down just under two years ago.

The two said their activities were compatible and co-operation would enable them to optimise their businesses as opportunities in financial markets occurred.

Mr Fraser Jennings, a director of Guinness Mahon, said: "I have known them for many years. We started talking with them about 18 months ago about maybe doing something together, and six months ago we began talking seriously.

"They are small but they are in interesting parts of the market. There is a growing interest in foreign shares in London, in particular in the Far East, Australia and Europe. We do not intend to take them over lock, stock and barrel and turn them into a part of the bank. We will play it according to how we see it develop."

Mr Douglas Fairman, a director of White, said: "This deal will be a great help to us as far as our future in the Stock Exchange is concerned. We have spoken to other people, but Guinness Mahon were our first choice."

White, which has three directors and a staff of 15, makes a market in a wide range of foreign shares, excluding those of U.S. and Canadian companies, and is believed to be the only London jobber in Irish gilts.

Guinness Mahon said it had considered acquiring a broker, but had decided that a jobber's market-making skills were more important in the changing structure of the City.

A broker's dealing skills could more easily be added later, but there were no plans to take a stake in one, Guinness Mahon said.

Guinness Mahon is part of the Guinness Peat group, which also has insurance and aviation interests. It acquired a new chairman, Mr Albert Frost, last December after Mr Graham Hill, his predecessor, clashed with Mr Alastair Morton, chief executive of Guinness Peat.

Mr Jennings will become a non-executive director of White but no other appointments to the jobber are planned.

Whitbread in European fast-food venture

By Lisa Wood

WHITBREAD, Britain's third largest brewer, is to extend its fast-food interests into Europe in a £5m deal with GB-Inno-BM, Belgium's largest retail group.

The two companies have set up a joint venture which will develop their respective catering interests in Belgium and the UK.

Pizza Huts and the Beefeater chain of restaurants will be introduced by Whitbread into Belgium and Luxembourg, while Quick Hamburger bars will open in Britain under a franchise agreement with Quick International. Quick International is owned jointly by GB-Inno-BM and Casino, one of France's leading retailers. Initially, Whitbread and GB-Inno-BM will each invest £2.5m in the joint company.

Mr Tony Simonds-Gooding, group managing director of Whitbread, said yesterday: "We are very pleased to be taking this first step into the retail leisure market outside the UK. We are particularly delighted to be working with a European partner who has operated for many years a variety of highly successful catering outlets."

The deal advances Whitbread's retail division expansion. The company, which leads British brewers' diversification into the leisure market, makes some 40 per cent of its profits from non-beer-related enterprises.

This year it has spent more than £50m on acquisitions. They include the Henekeys inn chain for £10.5m from Trusthouse Forte, and Midland Alehouses which owns some 21 pubs and discos in the Midlands.

GB-Inno-BM, formed in the early 1970s by the merger of three large retailers, accounts for some 7 per cent of Belgian retail sales. It operates about 400 restaurants, do-it-yourself and department stores, and supermarkets. In Britain, the group has a 25 per cent stake in Homebase, the DIY chain.

The first Quick Hamburger bar is expected to open in Britain within six months, although the number of outlets has not yet been decided. Some 28 Pizza Huts will open on the Continent, four within the next 12 months. The Pizza Huts will be operated under an exclusive franchise from Pepsico, a joint partner with Whitbread in the UK chain of fast-food outlets.

Futures brokers urge changes in Gaming Act

BY JOHN EDWARDS, COMMODITIES EDITOR

THE THREAT of having to become bookies when the FT-SE 100 index futures contract starts trading on Thursday has prompted stock market and commodity brokers to make an urgent appeal for changes in the Gaming Act.

A specially formed committee—made up of representatives from the London futures exchanges, the Stock Exchange, Baltic Exchange and the International Commodities Clearing House—is putting a formal appeal to the Department of Trade for dealings on recognised futures exchanges to be exempted from the Gaming Act.

Under UK legislation, deals on a futures market where there is no ultimate provision for delivery, as with a contract based on an index, could be viewed as a gaming contract and any trading debts would not legally be enforceable.

The London International Financial Futures Exchange (Liffe) has taken counsel's opinion that its FT-SE stock index futures contract has a serious commercial purpose and should not be viewed in the same way as a wager.

Nevertheless, this view has yet to be tested in the courts and brokers from the Stock Exchange and the futures markets are anxious to obtain clarification and amendments to the Gaming Act. The submission to the Department of Trade is being made as part of the proposals for improving the protection of investors, following Professor Jim Gower's report, but it is hoped changes in the Gaming Act may be introduced separately at an earlier date, possibly through a private member's Bill in Parliament.

Mr Neil Matthewson, of the International Commodities Clearing House, who is chairman of the special committee, said legislation made it difficult for London to compete in expanding futures trading with the U.S. exchanges, which have had great success with the introduction of index-based futures contracts.

He pointed out that the Gaming Act legislation in 1845 had little relevance to present conditions. For example, a House of Commons committee report supporting the introduction of the Gaming Act concluded that "a court should not waste its valuable time in 'deciding' on very conflicting evidence as to whether a man jumped over a table backwards or not."

Unfortunately this outdated legislation is of considerable concern to users of the new Liffe stock index futures and options contracts, as well as proposed futures markets for crude oil, based on a cash settlement, and freight rates, based on an index.

There is another reason why brokers, dealing in these markets, might apply for a bookmaker's licence. Under tax legislation, only betting tax has to be paid on profits made from gambling on movements in an index (like the I.G. or Ladbroke Index) while futures investors face up to 60 per cent tax on any profits made (under Schedule E Case 6) with no allowance for any losses.

The application by LHW Futures for a bookmaker's licence at the Guildhall Magistrate's Court yesterday was deferred for consideration until July 27. Objection was filed by I. G. Index, whose barrister argued that granting a betting permit to a commodity broker would set a bad precedent.

Increase in catering jobs seen

BY DAVID HELLIER

MORE WORKERS will be needed during the next four years in the hotel and catering industry according to a report from the Education and Training Advisory Council.

ETAC has revised its predictions published in 1983 of the employment levels in the industry up to 1987. This is because the results of the 1981 census on employment which subsequently became available showed that the number of hotel and catering workers was more than believed.

The revised predictions show about an extra 102,000 general catering workers will be needed by 1987 to meet the demand created by industry growth. In addition there will be a growing demand for managers, supervisors and crafts people.

The revised forecasts confirm the original predictions of modest growth for the industry.

Hotels and guesthouses are now expected to require 2.6 per cent more staff by 1987 against an original forecast of 2.1 per cent more. Restaurants and cafes will require 1.9 per cent more (2.2 per cent), pubs 2.4 per cent more (3.3 per cent) and clubs 2 per cent (2.8 per cent). Industrial catering is expected to decline by 4.9 per cent compared with the earlier figure of a 3.8 per cent fall.

The revised figures also take account of changes in the economy since they were originally calculated in 1983.

Another recently published report from the Hotel and Catering Industry Training Board shows that 17 per cent of the catering staff in hotels had been in their jobs for less than three months. The report highlights the high turnover rates of staff.

However, it points out that staff working for the local authorities, the Department of Health and Social Security and in industrial catering are more likely to stay in their jobs for longer periods.

Fewer than 15 per cent of employees in the industry claimed any form of formal qualification and only 6 per cent had one of the mainstream catering qualifications.

Manpower Forecasts for the Hotel and Catering Industry and Manpower Changes in the Hotel and Catering Industry, Hotel and Catering Industry Board publications office, P.O. Box, Wembley, Middlesex HA9 7AP; £3.80 and £9.80 respectively, including postage and packing.

Colt countermands UK sailing orders

BY JOHN GRIFFITHS

THE UNADMITTED boardroom broadsides which led to the abrupt departure of Mr Michael Orr, the flamboyant Colt Car Company chairman, have also dismasted the UK challenger in next year's Whitbread round-the-world yacht race.

The new men at the Japanese car importer's helm yesterday cancelled Colt's £1m sponsorship of the 77 ft challenger being built for skipper Jeff Houlgrave, who competed with Chay Blyth in the last Whitbread race three years ago.

Instead, Mr Peter Beaumont, Colt's new managing director, said the company would redirect its efforts to "more dealer-orientated promotional activities."

Many of Colt's 170 dealers are likely to welcome the change. Colt, which sells cars made by Mitsubishi, was set up by Mr Orr 10 years ago. It was among the most profitable Japanese import franchises until 1981-82, with dealers selling more than 10,000 cars a year.

Its profits have fallen sharply since. Its dealers could not sell their full quota of cars last year.

Many dealers, already irked by what they claimed to be Mr Orr's autocratic approach, were infuriated by his decision to sell cars to selected dealers at a 35 per cent discount and said they would refuse to service them.

What Mitsubishi, with a 49 per cent stake in Colt, thought of the deals remains unknown.

Mr Orr was inclined to do things on the grand scale:

Under his chairmanship Colt heavily sponsored offshore powerboat and motor racing and the Grand National; built the Colt Cars GB trimaran, off which the yachtsman Rob James drowned two years ago; and backed other sporting activities.

Ironically, he sacked Mr Beaumont last year as Colt's general manager, as well as Mr Richard Styer from his post as managing director of Lonsdale, another company set up to import Mitsubishi-based cars from Australia. He installed his brother David to run Lonsdale, which sold only 500 cars last year against the target of 3,600.

North-east venture capital body urged

BY JOHN HUNT

A VENTURE capital agency to establish technological industries in the North-east was proposed last night by Dr David Owen, Social Democratic leader.

The region should not continue to be seen as one of decaying smoke stack industries, he told businessmen in Newcastle upon Tyne.

Dr Owen said the Welsh and Scottish Development Agencies had access to private financial resources which gave powerful assistance to their industries.

He suggested that a North-east regional venture capital agency should be established with an initial government grant but should rely on private finance thereafter. It would operate on the lines of the Investors in Industry group which is owned jointly by the Bank of England and the clearing banks.

He wanted to see more help for small businesses by expanding the enterprise allowance scheme and creating small firm investment companies to act as intermediaries between institutional investors and businessmen.

Tax doubt may hinder traded option contract

By Charles Batchelor

THE Stock Exchange hopes that a quick decision from the Inland Revenue next week will prevent the proposed traded option contract, based on the FT-SE 100 index, making a lame start on Thursday.

An option generally confers the right to buy or sell a specific share at a set price within a specified time limit. The new contract effectively allows investors to bet on which way the Financial Times-Stock Exchange 100 Share Index will move.

Buying an option on the FT-SE 100 index gives an investor the opportunity to profit from, or protect himself against, price movements on the stock market.

Prospects for the contract are being damaged by uncertainty over whether any profits will be liable to income tax of up to 60 per cent or to capital gains tax of only 30 per cent.

The Inland Revenue said yesterday: "We have not yet given a ruling on this question but we hope to be in touch with the Stock Exchange shortly."

The reason the Stock Exchange is seeking capital gains tax treatment for this contract is that all other options based on shares and the gilt option come under capital gains tax when the investor is classed as an institution or private individual and not a professional trader.

The problem has arisen over the contract because settlement between investors would have to be in cash since the index itself could not be handed over in any tangible form. Non-professional traders would face income tax on their option dealings under Schedule D Case 6. This restricts the opportunities for offsetting other losses against gains rather than under the less restrictive Case 1.

Uncertainty over options on the index contract contrasts with the index futures contract which the London International Financial Futures Exchange (LIFFE) is launching on Thursday. Investors using the LIFFE contract know they face income tax liability on any gains.

The option contract will be smaller than the futures contracts and is expected to appeal more to the private investor than the investment manager. The option contract will be priced at five times the index value compared with the 25 multiple chosen by LIFFE.

The traded options market has had less success in obtaining advantageous tax rulings than LIFFE. Pension funds are still trying to obtain exemption from tax liability on share options whereas they were freed from any liability on financial futures last December.

Some analysts attribute this to the single-mindedness with which LIFFE pursues its goals, compared with the more bureaucratic structure of the Stock Exchange, for which options trading is only a small part of members' business.

Mr David Steen, chairman of the Stock Exchange's traded options committee, said: "The Inland Revenue is trying to help us, but they can only interpret the law as it now stands. If they decide this is a matter for legislation we would try to get an amendment at the committee stage of the Finance Bill.

"If the Government wants London to be a financial centre, then it has to have a tax treatment which is assured, fair and logical.

Milk quota angers Northern Ireland dairy farmers

BY RICHARD MOONEY

DAIRY FARMERS in Northern Ireland believe the UK Government has cheated them out of most of the special EEC production quota granted in recognition of the industry's exceptional importance to the province's economy.

Under a scheme designed to curb the Community's growing dairy surplus national production levels have been pegged at 1981 levels plus 1 per cent. In the UK this is being applied on the basis of 1983 output minus 6 per cent.

Northern Ireland has been granted an additional quota of 63.13m litres.

The Northern Ireland Milk Marketing Board thought this meant the UK quota of 15.43bn litres would be shared between England and Wales, Scotland and Northern Ireland in proportion with 1983 outputs with the additional quota added to Northern Ireland's share. This would have resulted in a quota for the province of about 1.37m litres, less than 2 per cent below last year's production.

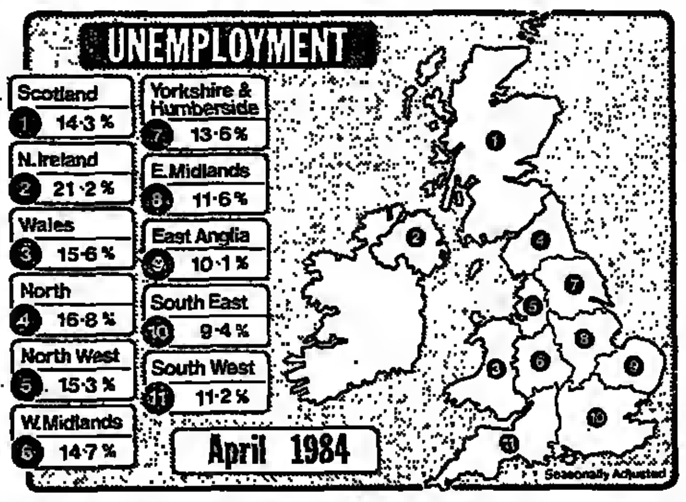
The board was dismayed to be granted a quota of only 1.32m litres. It has calculated this is equivalent to Northern Ireland's share of 1983 output performance of the total UK allocation, including the special allowance.

The UK Ministry of Agriculture has claimed the figure is calculated by giving Northern Ireland a share of the total quota worked out on its 1981 production, adding its allowance plus about 59m litres from the general UK quota.

The NIMMB claims the quotas allocated to England and Wales and Scotland do not bear out this explanation.

The board is convinced Northern Ireland's special allowance has simply been added to the UK quota and the enhanced total shared out on a 1983 basis. Dr George Chambers, NIMMB chairman, said: "We are receiving not much more than one twelfth of the concession." He said the ministry's approach meant Northern Ireland's quota was about 4 per cent below what it could have been.

Another official said the case would be taken to Mr Jim Prior, the Northern Ireland Secretary, and, if no satisfaction is given, to the Prime Minister.



THE UNDERLYING unemployment trend continued to rise in some regions where jobs traditionally have been plentiful, yesterday's Department of Employment figures show, writes Max Wilkinson.

The April figures record an overall fall of just under 1,000 in the seasonally-adjusted total, excluding school-leavers, to 3.012m.

The total rose in London, the South-east and the West Midlands, and in some traditionally higher unemployment areas such as Yorkshire and Humberside.

Some areas with worst unemployment had an underlying improvement, including Northern Ireland, where unemployment is nearly 75 per cent higher than in the UK as a whole.

In the North-west, where 19 per cent of men are unemployed, and nearly 15 per cent of the workforce without a job, there was a substantial fall in the underlying total.

These figures may reflect the fact that manufacturing companies do not seem to be increasing workforces substantially. Most new jobs are in the service sector.

The figures showed 645,000 estimated to be in special Government employment and training schemes in March. Not all would otherwise have been unemployed. The direct effect of the schemes is estimated by officials to have cut the workless count by 45,000 in March.

The unemployment count is reduced by the measures in the 1983 Budget which removed 151,800 men over 60 who qualified for long-term supplementary benefit.

The figures have not been adjusted for this effect.

Ministries stall on Sleipner

BY DOMINIC LAWSON

THE TREASURY and the Department of Energy have failed to submit memoranda requested by the House of Commons energy select committee on the proposed £20bn Sleipner deal to buy gas from Norway in the 1990s.

The committee had asked the two departments, British Gas, and North Sea gas producers for their views on the deal by the end of the week.

The Treasury has sheltered behind a convention that usually only one Government department sends memoranda to a select committee on any issue.

The Energy Department is believed to have asked the committee for more time to submit its views. None of the main producers, such as Esso, Shell, and BP, is likely to have expressed outright hostility to the deal. British Gas will have advocated the deal it negotiated with the Norwegians.

● The West Sole gas field, the UK's first commercial offshore field, produced one trillion (million million) cubic feet of gas. Since it started in 1967 it has produced 6 per cent of UK gas production and given £19m in royalty payments to the Treasury.

Mercury to start cheap transatlantic phone link

By Guy de Jonquieres

MERCURY COMMUNICATIONS plans to start in August a telephone and data service between London and New York which, it claims, can cut business users' transatlantic communications bills by about a third.

Known as Americall, the service is a joint venture with Western Union of the U.S. Mercury believes its principal market will be the financial trading communities in the City of London and Wall Street and multinational companies.

Americall, which will be transmitted by satellite, is aimed at British Telecom's profitable transatlantic business. Mercury admits it expects to take some revenues away from BT but claims that the service will also generate new revenue.

Customers will buy communications time in advance for fixed periods each day. They will be charged according to whether they are using prime time or standard time and will receive itemised bills.

Prime time will be between 2 pm and 6 pm in London, and standard time from 8 am to 2 pm and from 6 pm to 10 pm. Customers may choose a minimum of six hours a day at whatever times they want and will be able to make overnight calls free.

Mercury claims that for many business users the service will work out cheaper than dialling transatlantic calls or using private tie-lines, which must be leased 24 hours a day whether or not they are carrying traffic.

Mercury estimates that if a customer paying £168,000 a year to lease seven transatlantic lines switched to Americall, he could cut his bill by 35 per cent to £110,000 or expand capacity to the equivalent of 11 lines without increasing the expense.

An unusual feature is that customers will be charged both to make and to receive calls and will be able to communicate only with designated individuals and organisations. Mercury argues that most calls between business users are likely to be of mutual interest.

The UK service will be limited initially to London, but will be extended to other parts of Britain as Mercury's network expands. In the U.S., an extension along the east coast to Washington and Boston is also planned.

Ulster board falls short of jobs target

By Our Belfast Correspondent

THE NORTHERN Ireland Industrial Development Board has fallen short of its target of creating 5,000 jobs in 1983-84.

Sir Desmond Lorimer, the Ulster businessman who chairs the agency, said the shortfall was caused by poor response from overseas companies.

The board had hoped for 2,000 jobs through attracting industries from abroad, particularly high technology companies. Only five projects were signed up, promising 550 jobs.

Sir Desmond said the world recession had inhibited mobile international investment but the greatest deterrent was still Northern Ireland's political instability and bad image.

The board reached its other target of 3,000 jobs through the development of local industry against a background of recession and hesitant recovery.

Sir Desmond felt the board made a significant contribution to stabilising and regenerating the industry economy.

Michael Donne looks at the task facing Virgin Atlantic as it sets out to attract passengers between the UK and U.S.

Transatlantic dog-fight to catch the low-fare air travellers

THE BATTLE for low-fare air travellers across the North Atlantic this summer is developing rapidly as Virgin Atlantic, the recently-created UK airline, opens its sales campaign for passengers between Gatwick (London) and Newark (New Jersey).

Virgin starts flying on June 22 and already is reporting a good response.

This was not unexpected in view of the publicity given to the airline's formation this spring by Mr Richard Branson, chairman of the Virgin Records group, and Mr Randolph Fields, a U.S. lawyer working in London.

Every airline flying the North Atlantic between the UK and the U.S. reports the likelihood of a record summer. They include People's Express, Virgin's Gatwick-Newark rival, and the "big three" flying between Heathrow and Kennedy, New York (British Airways, Pan American and Trans-World.

Load factors (the percentage of seats filled) are high, with People Express reporting loads of more than 88 per cent in the first three months of the year. Together with People Express, BA, Pan Am and TWA all say that forward bookings are high.

Virgin Atlantic starts on the route against entrenched opposition. Moreover, People Express has the edge over it in fares.

People Express is charging a basic £102 single for the London-Newark flight, and $159 (£113) for the Newark-Gatwick flight.

People Express, however, charges passengers £2 for every bag checked into the hold and £4 for lunch, with drinks extra.

For a passenger with one bag and buying lunch, the cost of a People Express Gatwick-New Jersey flight is at least £108, and perhaps more with drinks.

Against this, Virgin Atlantic will be charging a basic £99 from June 22 to June 30. From July 1 to September 14, the fare goes up to £119 on weekdays, and £129 on Fridays, Saturdays and Sundays.

Virgin will offer a free four-course meal, with wine, afternoon tea, free non-alcoholic drinks, and 20 kilos baggage allowance, but its charges will still be higher than People Express's by perhaps £10 or more per passenger in the summer from July 1.

This may prove a deterrent to would-be travellers. Neither does Virgin Atlantic have the benefit of a major route network inside the U.S., such as that run by People Express.

Virgin faces a big task in building up a corporate image among U.S. travellers to the UK, although it could be easier in the UK because of the Virgin Records group name.

Virgin is understood to be negotiating agreements with other U.S. internal airlines using Newark, such as U.S. Air and Piedmont, to provide connecting services for Virgin's passengers to U.S. cities.

British Airways is expecting to make another big profit in the coming financial year. Lord King, chairman of BA, will announce the detailed 1983-84 results in London next Tuesday. He has already said the operating surplus would be above £250m compared with £174m in the previous year. The airline has an interest burden of more than £100m a year, however. Taking this into account, together with tax and other charges, net profit for the year to March 31 may be less than £100m compared with £51m in 1982-83. Last year's improved result stemmed from the lower costs as a result of retrenchment. Over the past two to three years, staff numbers have been cut by about 22,000 to 37,500, unwanted aircraft and other assets sold and uneconomic routes abandoned. Recently the recession in world air travel has been fading and most airlines are forecasting a further improvement in the months ahead. During April traffic has been good and forward bookings are reported high, especially on the North Atlantic air route where BA makes good profits. BA is confident that, in its slimmer form, it is better placed to take advantage of the improving air transport climate.

Mr Richard Branson, president of Virgin Atlantic: a rival for People Express

BA, Pan Am and TWA, although not directly competing with Virgin Atlantic or People Express, are watching the battle. Their own cheapest stand-by single fare this summer will be £170 and they are bound to lose some traffic to the cheap-fare lines.

Short of negotiating a new low fare among themselves and obtaining U.S. and UK government approval, there appears to be no way they can compete directly for the cheap fare traffic that People Express and Virgin Atlantic are seeking.

People Express plans to step up its competition. It has leased three more Boeing 747 Jumbo jets and is planning to lease another.

These will be used later this summer on an extension of its internal U.S. network to include non-stop flights between Newark and the U.S. West Coast, either Los Angeles or San Francisco, or both.

No date for such an operation has been fixed. When it starts it will give People Express a cheap fare, one-stop (via Newark) link between the West Coast and London. That could erode severely traffic carried non-stop at much higher rates by BA, Pan Am, TWA and British Caledonian (which flies between Los Angeles and Gatwick).

People Express may introduce later this year non-stop transatlantic flights between Newark and Continental European points, such as Amsterdam or Brussels. Preliminary plans have been made but no decision has been taken.

Tory unionists to monitor deal on political levy

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is asking Conservative trade unionists to monitor the effect of the deal between the TUC and Mr Tom King, Employment Secretary, on the operation of the unions' political levy.

Earlier this year, Mr King and the TUC reached a deal where the TUC general council issued all affiliated unions with guidance aimed at removing obstacles which might prevent individual union members contracting out of paying the levy.

Both sides were anxious to avoid legislation on the issue if possible; the TUC because the unions felt a change from contracting out of paying the levy to contracting in would deal a severe blow to Labour Party finances, and some Conservatives because such a move would be bound to bring into the open the whole question of the financing of political parties.

However, Mr King made it clear when the deal was struck that if voluntary self-regulation by the TUC proved inadequate, the Government would have no choice but to bring in further legislation to make a statutory switch in the system of payment.

To secure alternative evidence to that likely to be provided by the TUC, Mr King wrote to Mr Tim Renton, MP for Mid-Sussex, and the chairman of the Conservative Trade Unionists' organisation.

CTU leaders agreed to the suggestion that their members should police the TUC's guidance in practice: for instance, how far branch officials are carrying it out.

The CTU's role is likely to bring upon it charges from more left-wing trade unionists of spying for the Government, but many CTU members argue that their action is entirely consistent with their overall support for the Government's Trade Union Bill, soon to become law.

CTU members maintain that they often cannot stand for union elections—the centrepiece of Mr King's Bill—because they refuse to pay the unions' political levy. Though there is no formal connection between the two, CTU members insist that in practice the unpopularity among activists of their not paying the levy makes standing for election pointless.

Regional disparities in labour force growth seen

BY JOHN LLOYD, INDUSTRIAL EDITOR

WIDE VARIATIONS in the growth of labour forces in different regions of the UK will result in a substantially changed labour map of the country over the next decade, according to a Department of Employment study.

The national labour force is projected to grow by 2.8 per cent over the decade 1981-91 from 26.15m to 26.88m. The male labour force will increase only slightly from 15.63m to 15.83m; while the female labour force is expected to grow more sharply from 10.52m to 11.05m.

However, two regions — the North and the North-west — will show a decline in their labour forces, from 1.47m to 1.45m and from 3.1m to 3.08m respectively. Three regions — East Anglia, the South-west and the East Midlands — are expected to show much higher than average growth.

Growth will be particularly high in East Anglia, where a 1981 labour force of 856,000 is expected to grow to a 1991 figure of 932,000, 10.8 per cent up. The number of the South-west's workers will grow from 1.99m to 2.14m, or 7.3 per cent; while the East Midlands labour force will grow from 1.86m to 1.95m, or 5.1 per cent.

Regional labour force outlook to 1991: Department of Employment Gazette: April 1984

Pit dispute sends strike figures soaring

By Philip Bassett,

BRITAIN has already lost in the first three months of this year three-quarters of the days lost through strikes for the whole of 1983, mainly because of the miners' dispute, say Government figures in the latest Department of Employment Gazette.

The number of days lost through strikes in the first quarter of 1984 is 2.648m, against 1.6m for the same period last year. The total for 1983 was 3.593m.

The miners' strike makes up more than two-thirds of the total for the first three months. Loss of 1.710m days is directly attributable to the dispute, 1.5m from the strikes themselves and 210,000 from stoppages arising from the overtime ban which preceded the strikes.

If the effect of the miners' strikes is taken out of the figures, then the first-quarter total for 1984 is about 940,000, considerably down on the same period last year.

The miners' strikes have pushed up the total for March to 1.903m, highest monthly figure since March 1980, when the national steel strike caused loss of 3.282m days.

The proportion directly stemming from the miners' strikes is also rising. At 1.5m it is just under 80 per cent of the total days lost in March.

Figures in the Gazette show for the first time the statistical effect of the strikes against the Government's ban on union membership at GCHQ Cheltenham, both among civil servants and among others who took sympathetic industrial action in support.

Some 168,000 civil servants took action on January 27.

BR pay offer raised slightly

BRITISH RAIL marginally improved its 4 per cent pay offer yesterday. The offer was rejected last month by the three unions representing 168,000 railway workers.

Instead of adding 4 per cent to the pay bill, BR said the offer would be a straight per-head percentage rise.

Brian Groom looks at problems reported for some people working from home

Loneliness of the long-distance programmers

ONE WOMAN admitted she sometimes cried from loneliness. Others said that when workloads became heavy, they worked into the night as their families slept. Most bore their lot with resigned good humour.

These were homeworkers—but not in the traditional "sweated trades." Most were computer professionals like programmers or systems analysts. Nearly half worked on remote terminals in their homes, connected to their employers' computers via telephone lines.

They shared characteristics with less skilled counterparts. Average pay levels were significantly below rates for similar work in offices, many received fewer benefits like sickness and holiday pay, and most felt they had no promotion prospects.

These findings came from a survey of 78 "high technology homeworkers" conducted for the Equal Opportunities Commission in 1982 by Ms Ursula Huws. A full report will be published on May 2 by the Low Pay Unit, the anti-poverty pressure group.

It contrasts with much popular literature on new technology, and official pronouncements which assume that "teleworking" or "telecommuting" from home will be a wholly good thing, beneficial to family life.

Most were women in their 30s, working at home because they had children under five years old to look after. The workers lacked bargaining power with employers in spite of having about 10 years' experience in data processing, where skills were in short supply. Many felt that had they remained in offices, they would have been at the height of their careers.

Computer professionals made up 76 per cent of Ms Huws' sample. Their average hourly pay rate was £4.63, compared with £5.54 to £6.54 in surveys of counterparts in offices. Two-thirds felt they were earning less than if they were doing comparable work in an office.

The 55 per cent of the sample who were self-employed fared worse than homeworkers with employee status. Their earnings were on average 24 per cent lower, and they had no job security and less likelihood of eligibility for other benefits.

Periods without work were common in all categories. But so were times when the workload was too great to be managed during normal working hours, causing disruption to households.

Isolation was a main problem, with 60 per cent saying they suffered from it. One programmer sometimes drove 14 miles to see another homeworker for company.

The results must be kept in perspective. Some 78 per cent said they enjoyed their work—similar to the proportion found in more general surveys of job satisfaction. Most said that in spite of their problems, homeworking was better than either not working or finding an office job and arranging and paying for full-time childcare.

But many were clearly making the best of the situation in the absence of alternatives available to working mothers. Only 35 per cent preferred working at home, while a substantial minority (24 per cent) said they would prefer to work elsewhere. Others were ambivalent.

Some were self-employed but most were not true freelances, because they depended on only one source of work. This appears to be one of the factors making Ms Huws' general picture of "teleworking" bleaker than that created, for instance, by the publicity surrounding one of the most sophisticated experiments — Rank Xerox's "networking."

In the RX project, highly qualified people like financial controllers and marketing managers leave the company to set up their own businesses, doing work by remote terminal for RX and others. Many are entrepreneurs rather than homeworkers, and some now have their own staffs.

Ms Huws writes that it has not been economically feasible to introduce teleworking widely, except for senior managers and professional computer staff with scarce skills because of the high cost of using telephone lines.

The advent of cable networks is likely to change all that, making it cost-effective to employ ordinary clerical workers at long distances. Given the experience of more senior staff, Ms Huws fears that the extension of high-tech homeworking down the scale could result in new pockets of low pay.

Her report includes tentative suggestions for improvement, such as a code of practice for employing homeworkers, better state nursery provision, making childcare costs tax-deductible, or setting up neighbourhood work centres with creches.

For employers, the main advantages of using home-based workers are flexibility, higher productivity and lower overheads. Disadvantages include some tax problems and management and monitoring difficulties, but improved technology is rapidly eliminating the latter problem for many types of work.

The New Homeworkers; £2.50 inc postage from Low Pay Unit, 9 Poland Street, London W1.

Journalists' union defies Dimbleby court order

BY BRIAN GROOM, LABOUR STAFF

THE National Union of Journalists has defied a High Court order requiring it to withdraw official support for a six-month strike by eight journalists at Mr David Dimbleby's Richmond and Twickenham Times group of newspapers in South London.

Mr Dimbleby must now decide whether to begin contempt proceedings, which could result in fines and seizure of the union's funds. "The ball is in his court," said Mr Ken Ashton, NUJ general secretary, after a meeting of the union's executive yesterday.

The union restored official backing for the dispute on March 30, three months after an initial High Court ruling—later upheld on appeal—that it was illegal secondary action.

The strike followed Mr Dimbleby's decision to have his papers printed by TBF Printers of Nottingham. A dispute with the National Graphical Association had led to Mr Dimbleby closing his printing works.

TBF is associated with T. Bailey Forman, publishers of the Nottingham Post, with which the NUJ has been in dispute since the 1979 provincial journalists' strike. The NGA is also in dispute with T. Bailey Forman.

Ten days ago Mr Dimbleby won a variation on his original court order, requiring the union to tell its members by Wednesday that they were not instructed to strike, and to provide evidence to Mr Dimbleby's solicitors by noon yesterday that official backing had been withdrawn. The NUJ has done neither.

NUJ officials hope Mr Dimbleby will hold back from further legal steps because of the damage to his relationship with fellow journalists. The TBF contract lasts until October, and one solution would be a deal on redundancy terms with the NGA.

The latest court order is regarded by Mr Dimbleby as a device for formal confirmation of newspaper reports that the NUJ had restored official support to the dispute.

Vickers yard at Barrow votes for deal

By David Brindle

MOST SHIPYARD workers at Vickers, Barrow-in-Furness, have voted to end opposition to the £6-a-week productivity deal agreed by the unions and British Shipbuilders.

Of the 8,000 manual employees at the yard the only substantial group still refusing to sign terms for the deal are 600 coppersmiths and sheetmetal workers.

British Shipbuilders said yesterday opposition to the deal was now confined to manual workers at Vosper Thornycroft and Vosper Shiprepair on the South Coast, Cammell Laird on Merseyside, and Brooke Marine naval yard, Lowestoft.

The Barrow workers banned overtime in pursuit of six months' full backdating of the £7 to November 1.

BS said its counter-offer of three months' backdating would be withdrawn if the workers did not accept the deal by May 1.

Protest strike backed at Royal Ordnance factories

BY DAVID BRINDLE, LABOUR STAFF

ABOUT 65 per cent of the 20,000 workers at the Royal Ordnance and weapons research factories took part in a half-day strike yesterday, according to Ministry of Defence figures.

The strike was called to protest at Government plans to privatise the 11 ordnance factories and the two weapon research and development establishments. All 13 establishments are due to be transferred from the Civil Service into a holding company on October 1.

The Ministry said that 80 per cent of the manual workers concerned and 45 per cent of white-collar staff had supported the strike, although the unions claimed that backing was more solid.

Mr Jack Dromey, secretary of the industrial unions' negotiating committee, said the action reflected the unanimous opposition to privatisation among workers, senior civil servants and the military. Only Mr Michael Heseltine, the Defence Secretary, believed in it.

"Even if Heseltine pushes the privatisation Bill through Parliament, we will stop him proceeding further," Mr Dromey said. "The opposition to break up and sale of the factories from the defence community is so great and we have plans which will make it very difficult for him to dismantle 300 years of history."

The unions will not reveal what their further plans are, but Mr Dromey hinted that action would be taken to prevent machinery and work being moved among the integrated factories to make them independent of each other.

It is argued by the unions that privatisation of the factories will make Britain's defence effort vulnerable and will cost the taxpayer money. They say that at least £250m will need to be paid into a new pension fund and that this is more than will be raised by the sale of the establishments.

APPOINTMENTS

Sun Life Assurance vice-chairman

SUN LIFE ASSURANCE SOCIETY has appointed Sir Arthur Norman as vice-chairman from May 23 following the retirement of Sir Godfrey Agnew. Sir Arthur is chairman of the De La Rue Company. He has been a director of Sun Life Assurance since 1966 and was chairman of the World Wildlife Fund (UK) from 1977 until recently.

★

STEN-RE (UK) has appointed Mr Stephen Gray and Mr Charles Matthews to the board.

★

JOHN FOLKES HEFO has appointed Mr Harry Harrison as a non-executive director. He is chairman of Simon Engineering.

★

Mr Gerald Ramsden, managing director of the Refuge Assurance has become chairman of the INDUSTRIAL LIFE OFFICES ASSOCIATION. He has been association vice-chairman and succeeds Mr Derek Bourdon, director and general manager of the Prudential Assurance Co. The new vice-chairman of the association is Mr Nigel Proddow, joint chief general manager of the Pearl Assurance. The Association has also elected Mr Alan Sneddon, general manager and Actuary (Life) of the Co-operative Society as treasurer. He succeeds Mr Keith Browne, chairman of London and Manchester Assurance Co who has been treasurer since 1974.

★

Mr Philip C. Habib, formerly president Reagan's special representative in the Middle East, has joined the senior advisory board of BURSON-MARSTELLER. Mr Habib will advise on international matters on a part-time basis.

★

BRITISH AIRWAYS HELICOPTERS has appointed Mr Michael Graham-Cloete as its managing director from May 21. He is a director of Reed Mining Tools (Pty) of Johannesburg, a member of the Baker International Group of California.

★

Mr Brian Lymn has been appointed sales director of COLE PLASTICS. Previously he was sales manager.

★

Lord Edward FitzRoy has been appointed a director of TSB TRUSTCARD, the credit card company owned and operated by TSB Group. Lord Edward FitzRoy is deputy chairman of the regional board of TSB England and Wales.

★

Mr Bernard Lott has been appointed managing director of FLEETCARE, the automotive care and maintenance division of the National Freight Consortium. He was managing director of GKN Replacement Services.

★

COUNTY BANK has appointed Mr Michael Proudlock as regional director, and Mr Graeme Morrison as assistant local director.

★

Mr Patrick Townend, senior partner of DEARDEN FARROW, chartered accountants, has retired. He is succeeded by Mr Raymond Whittaker.

★

CHANCERY SECURITIES FINANCIAL SERVICES has appointed Mr Gerald Nykerk as a director. CSFS is a wholly-owned subsidiary of Chancery Securities. Mr Nykerk joined the company in September 1979.

★

SCRIMGEOUR KEMP-GEE AND CO, stockbrokers, has appointed as partners: Mr Keith Sykes, Mr Arthur Krick, Mr Norman McLeod, Mr Mark Pocock, Mr Christopher Page, Mr George Hodgson, Mr Paul Newman, Mr James Boden, Mr Edward Wright, Ms Susan Blacker, Mr John Holder, Mr William Martin, and Mr Noel Hayes.

★

Mr Terry Mansfield has been appointed chairman of COMAG, the distribution company jointly-owned by the National Magazine Company and Condé Nast Publications. The appointment follows the retirement of Mr Marcus Morris. Two new directors have also been appointed to the COMAG board. Mr Daniel Salem, chairman of Condé Nast Publications, and Mr Gil Maurer, president of Hearst Magazines in New York.

★

Mr D. R. Elder, Mr S. Gray and Mr A. J. G. Irvine (chairman and directors of Viva Petroleum respectively) have been appointed directors of PETROLEX, following the merger of the two companies, subject to Inland Revenue approval.

★

Mr Carl M. MacCarthy, Mr M. Bruce Jones and Mr Richard A. Ratner join the partnership of KITCAT AND AITKEN, stockbrokers, from April 30.

★

Mr Elio Stocchere has been appointed managing director of JOHN CROWTHER GROUP, the Huddersfield textile manufacturing group. He was sales director. He takes over from Mr Trevor Barker, who continues as chairman. Mr John Ray, finance director has additionally been appointed assistant to the chairman.

★

The 600 GROUP has appointed Mr Alex Masters to its board as a non-executive director. Mr Masters is group chief executive of CompAir and a director of Imperial Continental Gas Association.

★

Mr Andrew R. Alers-Hankey has been appointed to the board of HOGG ROBINSON GROUP as group finance director from June 1, in succession to Mr John R. Potts, who is leaving to pursue personal business interests. Mr Alers-Hankey is managing director of Sotheby's in London, and was group finance director of Sotheby Parke Bernet Group.

Sir Arthur Norman, vice chairman, Sun Life Assurance Society

★

Mr Ralph Williams has been appointed financial director of ANDRE DE BRETT. He joins from Downs Surgical, where he was finance director, and replaces Mr Sadaru Jaffer, who has left Andre de Brett to return to private practice.

★

Mr Simon St. P. Burridge has been appointed a director of DEWE ROGERSON.

★

Mr N. P. Mearing-Smith, Mr S. P. Meredith Hardy, Mr D. D. B. Morrison and Mr R. J. Packer have been admitted into partnership at WOOD MACKENZIE AND CO, stockbrokers.

★

Mr Alex Tasker has been appointed managing director of GIRDLESTONE MOULDINGS, a wholly owned subsidiary of Girdlestone Holdings.

★

THE SANDVIK GROUP has appointed Mr Tim Bowdler, formerly managing director, Sandvik Steel UK, as managing director, Spooner Industries.

★

Mr John D. Nettleton was elected chairman of TIME ASSURANCE SOCIETY at the annual general meeting of the northern-based friendly society.

★

OCS GROUP, the property maintenance organisation, has appointed Mr David McNaught to the main board. Mr McNaught, who is managing director of the Factory Cleaners division of OCS, has been with the group for 36 years. He will continue to be based at the FCL headquarters in north London.

★

HENDERSON BARING MANAGEMENT, the Hong Kong-based investment management group, has appointed Major David G. P. Scholfield to the board. Henderson Baring Management (UK) has appointed Mr John A. Morrell (chairman), Mr Jonathan J. K. Taylor (managing director), Mr Michael W. Banton and Mr James P. Williams to the board. They all are directors of Henderson Baring Management Limited.

★

DPCE HOLDINGS, the independent computer maintenance company, has made several board appointments in its UK and Dutch subsidiaries. Mr David Travers, has been appointed managing director of DPCE (UK). He is also a director of DPCE Holdings. Mr Keith Meadows, managing director of the UK operating subsidiary as well as the holding company for the past three years, becomes UK chairman. He remains managing director of DPCE Holdings. Also at DPCE (UK), Mr Chris Brackley has been appointed sales director, and Mr Nigel Orr becomes operations director. Mr David Wesson has been appointed to the board of DPCE Nederland as country manager. He will be based in Zeist.

★

OZALID GROUP HOLDINGS, a subsidiary of Dutch reprographic company Océ-van der Grinten NV, has appointed Mr G. B. Pelizzari as managing director and Mr A. R. Miles as a director, from June 1. Mr Miles, who will reach retirement age during 1984, has resigned as executive chairman and managing director of Ozalid (UK) from June 1 and will be succeeded as executive chairman by Mr Pelizzari, who has also been appointed a director of Océ-Skycopy and Océ Copiers (UK) from June 1.

★

Mr Duncan Gordon has been appointed sales director of DERWENT UPHOLSTERY from April 2. He was assistant sales director.

★

JOHNSON MATTHEY & HINTON HILL has appointed Mr Philip R. Blackman a director of Hinton Hill Marine.

★

The OCS Group has appointed Mr Gilbert Waud as managing director of NEW CENTURY CLEANING CO, founding company of OCS. Previously a director, Mr Waud takes over from Mr Harold Drywood who retires. Mr Waud is also a member of the OCS Group's main board and will continue as managing director of Aircraft Cleaning Services, and a director of R. Fox & Sons.

Mr Gilbert Waud, managing director, New Century Cleaning

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Heading into high ground again

LONDON

ONLOOKER

Shaking off the doubts so evident before Easter when the market appeared mesmerised by the miners, equity prices were climbing again this week. By last night the FT 30 Share Index had reached a new high of 908, a 28 point rise over the four trading days.

And yet with the pickets still at the pit-heads, if less in the news, it is hard to justify the market's sudden burst of enthusiasm, other than to say sentiment over the strike seems to be swinging like a pendulum and next week it could just as easily be gloom again.

Nevertheless, there is still a fair array of bullish factors to underpin prices. On pure fundamentals, corporate profits continue to impress fnr the most part and analysts are gradually cranking up their forecasts. Also the rights issue stream has evaporated in the last few days. That could easily be no more than a temporary shift but evidence that the banks are not going to come rushing along cap in hand is a positive factor. And the privatisation programme seems to be drifting slightly with Telecom now likely to arrive rather later. So the demands nn institutinnal investnrs seem to he receding slightly at a time when cash flow remains fairly strong.

Last, but not least, even if interest rates are rising, Wall Street is reasonably sound which may offer some comfort to UK investors. Brokers such as James Capel may feel confident enough to suggest that the bull market is still running but Mr Scargill could still show that bull to be a fragile animal.

A building mix

After the impressive figures from RMC before Easter it was the turn of Blue Circle Industries, as the UK's largest cement manufacturer, to represent the building materials sector in this week's crop of results.

Full year figures for 1983 show profits nf £109.5m against £107.8m despite the weakness of trading in developing countries and the seemingly never-ending price freeze on UK cement. The market, which had been looking for roughly unchanged figures, was not disappointed.

The profits contribution from BCI's South American, Indonesian and Black African interests slipped back to only 11 per cent of the total against 50 per cent two years befnre. But any weakness there has been offset by the hig pusb into the U.S. market where BCI bought several plants last year. Its drive into the States lifted the U.S. profits contribution from £0.5m to £9.5m.

But the heavy capital spending—Aberthaw Cement was also acquired in the UK—is inevitably causing interest charges to swing higher. They more than doubled to £21.4m last year and could climb to over £30m in 1984.

It is not just rising interest charges that BCI will be battling against this year. Its important South African operatinns, which accounted for around £20m of last year's profits, must be causing a few sleepless nights. The market itself is going through a painful period and there are increasing fears about cheap imports. South Africa is a supplier of coal to Japan, and Japanese cement manufacturers could find a use for the empty ships that sail back. Hopefully any intrusions by oriental cement will be greeted by stiff resistance from the indigenous supplies even if they lack the formal cartel of the UK. Yet there could be a battle.

Elsewhere the market must cope with increasing capacity in Malaya and Singapore while Nigeria's problems remain a thorn in BCI's side and nearer hnme the UK redundancy programme could be a costly experience in 1984. So, even with a full contribution from its new American plants BCI will have its work cut out to improve on 1983's profits this time round. But no matter, more important than the actual figure for 1984 is the quality of BCI's earnings, and that is very much in ascendancy.

Moving on a pace from materials to construction, George Wimpey produced some truly disappointing results this week. A second half downturn nf £2.7m left the group marginally lower for the full year at £45m against £45.7m pre-tax. Wnrse still, was the size of its above the line exceptional losses on some overseas work amounting to £41.7m. As recently as February the company said this figure would be no more than £35m. Fortunately £42.1m of exceptional profits on property disposals balanced the account off fairly well.

The cynical were suggesting that the new cbairman, Mr Cliff Chetwood, was putting as much of the bad news behind him as possible. Even so the results went down like a lead balloon in the market.

Despite everything the contractors as a wbole bad been saying about tougb market conditions the bulls started to cbase Wimpey's share price. Suddenly it was the market's darling hitting 160p before reality set in. Now, almost 30p lower, the worry is that the price's floor has not been reached yet.

ICI's quarter

First quater figures from ICI should settle some of the anxiety which has surrounded the shares in recent months. The price bas been consistently underperforming with the City tending to put aside immediate prospects to search for the impact of the next cyclical downturn.

But the figures brought the market up with a start. At £245m, first quarter profits are virtually double the comparable period and way np to the City's best expecations. If the stock market was surprised with the pace of the advance, a few ICI executives bave equally been caught out. Of late the signals coming out of ICI seem to have been pointing in different directions, tbough after these results the path ahead looks clear.

What seems to bave bappened is that ICI's cyclical products have produced a sharp rise in profits on the back of increasing output—much better than anyone had imagined. And encouragingly, ICI says it is still seeing the effects of steady sustained worldwide recovery with no signs of deterioration in any of its markets.

Once more it is tempting to talk of £1bn profit for the full year. That might be over icing the cake but if ICI comes anywhere near that figure for 1984 the p/e of around 7 looks well out of line, even if the cyclical peak is not that far away.

No rights

Both Barclays and Midland did their best this week to allay fears that rights issues are galloping nver the horizon towards their shareholders.

The Chancellor's decision to phase out capital allowances has driven a steamroller through the bank's tax-efficient leasing business and, not surprisingly, those shareholders who made the effort to sbow up at the annual meetings of the two High Street banks on Wednesday were treated to a fair amount of aggrieved comment from the platforms.

Yet both banks were quick to point out that the damage done could be repaired without the need for shareholders to reach for their cheque books. The biggest fear amongst investors since the Budget was that the banks would turn to them for fresh equity money to replenish weakened balance sheets. Such fears were heightened last week when Bank of Scotland launched a £42m cash call.

Certainly the bankers could have put up a convincing case for rights issues. National Westminster had already announced that the Budget changes had caused a potential liability of £577m and this week Barclays bas come up with a £490m figure and Midland has estimated £230m. Those numbers almost exactly match their pre-tax profits of last year. Only Lloyds, which has its annual meeting on Thursday, is left to report how deeply it is holed.

The Accounting Standards Committee has insisted that the banks should take the charges as extraordinary items in the 1984 profit and loss accounts—the clearers might have preferred a write-off against reserves. But in the same breath it is allowing the banks to pull reserves into their p and l accounts to offset the Budget charges. So any embarrassment of retained losse on the year's efforts will b avoided.

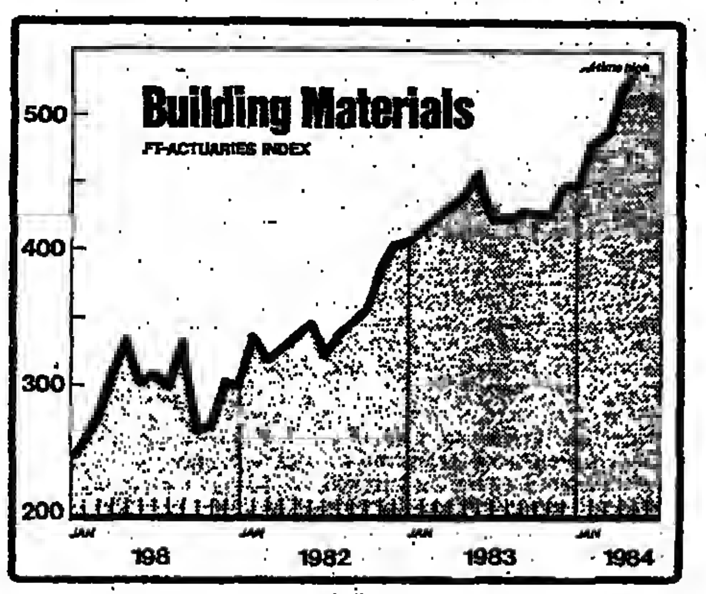
The clawback provisions demonstrated by Bank of Scot land last week are stil bubbling around. Half of B o S's £56.3m provisions agains the tax changes related to th effect on its deferred taxes n falling lease rates. Barclays ha put a £60m figure on its lia bility (in addition to th £490m) but the others are ye to open up on this particula point.

TERRY GARRETT

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Ind. Ord. Index	908	+28.0	908.0	770.3	Economic optimism/Wall St.
Barclays Bank	503	+30	575	473	Fund raising fears recede
Bass	380	+30	380	300	Fine weather boosts sales
Blue Circle	440	+28	450	408	Preliminary results
BP	518	+18	518	395	Good results from U.S. oil majors
Bryson Oil & Gas	470	+115	470	205	Columbian oil expln. hopes
Cornell	275	+22	300	232	Awaiting merger terms
ICI	630	+24	650	572	First-qtr. profits above ests.
Laporte Inds.	478	+38	478	354	Good results and scrip issue
Marks & Spencer	258	+14	270	212	Ahead of Tuesday's results
Martin, Newsagent	203	+35	210	135	Bid speculation
Midlands Inds.	10*	− 6	26	7	E. Nassar reduces stake
Pengkalen	750	+200	800	500	Bid speculation
Petranol	340	+22	348	140	Texas exploration hopes
Ryl Bk of Scotland	246	+32	246	204	Lloyds Bank bid speculation
Spear & Jackson	168	+22	168	134	Annual profits recovery
Trafalgar House	266	+19	268	199	Sale of Cunard Hotel Bristol
Waddington (John)	441	+48	441	303	Revived speculative demand
Wimpey (G.)	132	−13	160	131	Profits standstill

* Price at suspension



Holding on

NEW YORK

TERRY DODSWORTH

WALL STREET has not greeted the quarterly results which have been chattering over the news wires for the last three weeks with overwhelming enthusiasm. But the figures nevertheless seem to have put up some kind of barrier to the most determined bears. By the end of this week there was just a hint of spring in the tone of the market.

One factor that is encouraging some optimists is that over the last two weeks share prices have managed to withstand the worst that the bond market could throw at them. The price of the 30-year long bond touched a new 12-month low on Monday this week, and the present yield of around 12.70 per cent is giving investors a real rate of return of around 8 per cent, despite the upper inflationary trend. Yet equities, yielding around 4.70 per cent on the Standard & Poor's index, have not slavishly followed bonds down.

Another factor is the feeling that interest rates may moderate for a period in the weeks ahead. While Mr Henry Kaufman, Salomon's economic guru, is sticking unflinchingly to his view that longer term rates could be back up to 15 per cent by the peak of this cycle, there are plenty of optimists willing to work on the short-term assumption that credit demand—and therefore rates—will ease this summer along with a general slowing in the economy.

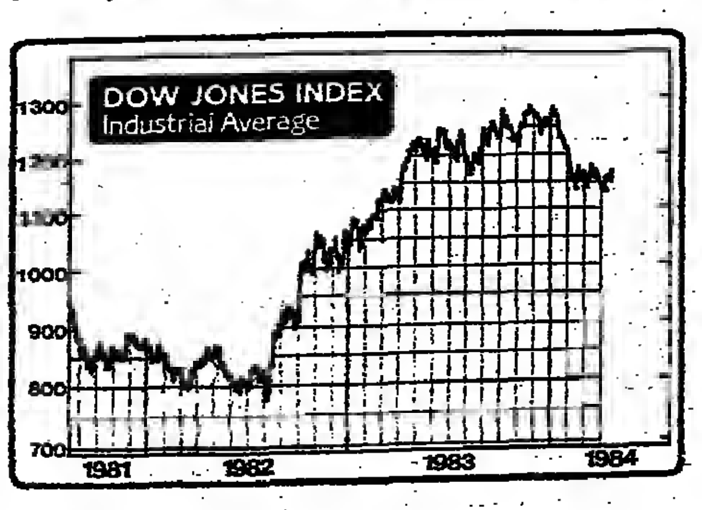
Finally, the current bout of earnings recoveries being revealed in the quarterly figures is putting the spotlight on a corporate sector which, in general, is performing much better than expected. Many economists and analysts totally misread the first quarter of this year, expecting the expansion rate of the last half of 1983 to moderate substantially.

But last week's GNP figures, showing growth of over 8 per cent in the first three months of the year, indicated the strength of the impetus behind profits growth at present. For this week, at least, investors have been prepared to look less at the inflationary implications of these figures than the upside potential for dividend increases, marking up the Dow Jones Industrial Average by 13 points on Tuesday and another 11 on Thursday.

In particular, the week has seen some fairly impressive recoveries by the chemicals companies, which have followed the oils out of the casualty ward. Du Pont, the giant of the industry, achieved an 84 per cent earnings increase, and Monsanto a 73 per cent rise, following on a jump of well over 100 per cent at Union Carbide and 77 per cent at Dow Chemicals. The big oil companies have been similarly achieving gains of around 40 to 50 per cent.

This is not to say that the problem areas are completely disappearing. Apart from the banks, the property and casualty insurance companies have come out with some fairly terrible results so far. After Fireman's Fund had dragged down American Express, and Hartford undermined ITT, Cigna has issued some dire forecasts this week. Even companies not normally noted for their insurance interests, like Xerox, have suffered badly from the slump in the industry: while Xerox managed to turn around its basic copier/duplicator business this quarter, underwriting losses in its modest property and casualty insurance company eradicated all of the gains elsewhere.

MONDAY	1149.50	− 8.58
TUESDAY	1162.90	+13.40
WEDNESDAY	1163.53	− 0.63
THURSDAY	1175.25	+11.72



Permission for saw mill

BY OUR LEGAL STAFF

I retired some 12 years ago to a small agricultural holding at the above address in an area designated of natural beauty and have grown to love the peace and tranquillity of this small community of eight other mainly retired residents. Last year we were appalled to learn that the owner of the adjoining scrub woodland had applied for permission to build a sawmill. We are all appalled no environmental grounds but in spite of the support of local area planning officers, the county gave approval on the ground that woodland owners have the right to build up to 15 yards of that boundary. The building is shown 30 yards from the boundary and only 100 yards from a number of residences and is not insulated. My question is: Will these same laws allow the woodland owner to destroy the peace and tranquillity of a whole valley with the noise of circular saws and other machinery?

The grant of planning permission is concerned only with the criteria as to planning use under the Town and Country Planning Acts. If therefore the saws create a nuisance by noise or by sawdust you would be entitled to seek an injunction restraining or restricting their use. It is important to act promptly after the commencement of the actual nuisance if you wish to obtain an injunction.

North American descendant

My wife and myself have two grandchildren who were born and live in Vancouver—both are Canadians and attend Canadian universities, and to help them through their studies we help them financially. Could you please let me know if in these circumstances we could enter into a covenant or any agreement with out grandchildren enabling them to reclaim the income tax paid by us in the UK?

Provided that your grandchildren's worldwide gross income does not exceed £2,005 in 1984-85 (including the gross covenanted annuity), they will be entitled to recover the 30 per cent tax which you withhold from the annuity payments, by virtue of the special provisions for non-resident Commonwealth citizens. You will find general guidance in a free booklet IR20 (Residents and non-residents: liability to tax in the UK), which is obtainable from tax inspectors' offices. The Canada/UK double taxation agreement has no direct relevance to your enquiry, but if you are interested in general you should find a copy (as amended) in, say, volume 5 of the British Tax Encyclopedia or volume F of Simon's Taxes, in a local reference library.

We claim no expertise in tax laws outside the UK, so you should check the Canadian tax aspects with the beneficiaries' parents, before asking your solicitors to draw up deeds for your signature.

Little room to render

My new neighbours have applied for planning permission to build a garage close to my garage.

One wall of my garage seems to have been built, over 40 years ago, either on or close to the boundary line as shown on the deeds and, according to the plans submitted by the neighbour, it seems that the rear corner of the proposed garage wall would be in contact with my own garage wall with the remainder of the wall widening away from mine towards the front to a distance of about three feet.

As it would be impossible for me to effect any maintenance to my cement rendered garage wall at the rear and also as there seemed to be some danger of the footings of my wall being undermined or weakened I sent a written objection to the planning officer and in addition discussed, in a friendly way, my objections with the new neighbours and their architect.

The planning office said that they could not help in any way in this matter but I did get a written agreement from the architect, on behalf of his clients, that my footings would not be encroached upon and that there would be a minimum distance of one foot at the nearest point between the garages which could mean that it may be just possible, with some difficulty, for me to maintain my garage wall when needed. Consequently I withdrew my objection.

According to the covenants in my deeds I am committed to keeping the boundaries of my property in a good state of repair. In view of this could you please tell me if I have a right to sufficient space to effect repairs when needed. Furthermore am I entitled to a specified distance between the buildings for footings?

Incidentally as the proposed garage wall, according to the plan, is also to be cement rendered I cannot see how the builder is going to do this without some difficulty.

I should add that there is plenty of space for a very wide garage where it is to be erected.

You are not entitled to a specified distance between the buildings for footings. You would only be able to claim a space to enable you to maintain your wall if you (or your predecessors) have in fact carried out maintenance work over a period of at least 20 years (at suitable intervals, of course).

Changing buildings insurance

I have recently bought a house and have a small mortgage on it through a building society. The mortgage is not tied to the endowment policy on the advice of my accountant. But the insurance of the house has been arranged by the building society on their block policy with the Sun Alliance Insurance Company.

I now find that the residents' association for where I live have a block insurance available for the houses of all its members also with the Sun Alliance at a far more favourable rate.

Can I change now after one month or should I wait until next year—and more important still do I have any choice in the matter or do I have to go on the building society's block policy? Friends tell me that the building society cannot by law compel me to insure through it own block policy.

While a building society may have no general right in law to require you to insure through it own block policy, it may have a contractual right to do so if the mortgage expressly so provides. Your best course would be to invite the Building Society to agree to your insuring through the residents' association on your providing evidence (each year) of payment of premium. You would normally need to insure contents at current value at the least, but can opt for replacement value (and the consequent increase in premium) if you wish to ensure that you will be able to buy replacements out of any insurance moneys received if a claim should have to be made.

Trust for children

As a 59 year old widower with an eight year old daughter, I wish to reduce CTT liability by paying £3,000 a year into a trust account at a building society as a first step towards more profitable investment. I shall be the sole signatory for the time being and I intend my daughter to have full control of the moneys, properties, and shares on reaching her majority.

Can you tell me if the annual sum of £3,000 is in addition to the first £60,000 exempted from CTT?

I know that the income will be aggregated with my own for tax but what is the position regarding CGT?

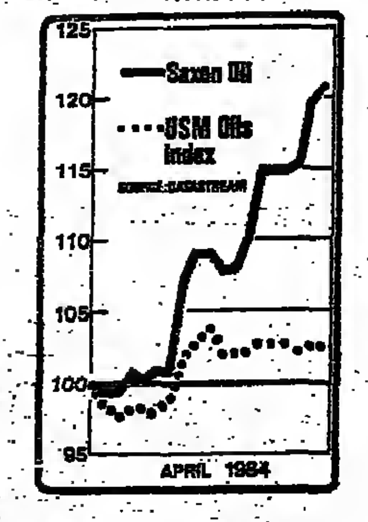
Should I execute a declaration of trust and if so, can you and number of witnesses. suggest the form and the type Would such a declaration establish a formal trust fund? Providing moneys originating from grandparents and friends is kept separate and identifiable, can the same declaration of trust cover them?

The annual gift allowance is in addition to the £60,000 exemption. A declaration of trust is desirable: it need not take any elaborate form eg I A. B. of ... irrevocably declare that the moneys held in my name in X account are held by me on trust for my daughter MN on her attaining the age of ...... years absolutely. One witness will suffice. The effect will be to establish an enforceable trust over the fund and you would be entirely excluded from taking any beneficial interest in it. Similar declarations can be made by others, or they can pay moneys to the trustee of an existing trust fund to be held on the trusts of the declaration establishing that fund. If there were a capital gain, on attaining the specified age capital gains tax would be chargeable.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Saxon's northern vertigo

BY WILLIAM DAWKINS



INVESTORS IN the North Sea exploration company Saxon Oil may be forgiven for feeling a touch of vertigo.

A potent mixture of bid rumour and speculation over Saxon's stake in what could be a giant oilfield 380 miles north-east of Aberdeen has driven its share price to new heights.

The price has climbed steadily from 292p at the turn of the month to reach 408p at one point in the week, scoring a 12 per cent gain over the previous seven days. At that level, Saxon is valued at £69.5m, a heady 32.6 times historic earnings.

Like practically every other USM oil company, Saxon has been the subject of takeover talk several times. Indeed, it narrowly escaped a 122p a share bid from Clyde Petroleum last May.

But this time, Saxon-watchers agree that the market is likely to be crying wolf on that front. With estimated net assets at about 300p a share, most predators would find that Saxon at the present price constitutes a costly mouthful.

And the group would offer no obvious tax advantages to any highly-taxed oil production company since it is already tax efficient in its own right.

If there is any more solid foundation for its share price rise, it lies 2,200 feet beneath the surface of the North Sea at the bottom of the most northerly and deepest well ever drilled on the UK Continental Shelf in what is known more prosaically as block 219/20.

The operator, Conoco of the U.S., which started exploration drilling there this week, believes that the area could contain 1bn recoverable barrels of crude.

That would make it one of the four biggest structures in the UK sector of the North Sea, but it is also one of the riskiest.

"We can see some enormous structures up there," says Nicholas Mardon Taylor, Saxon's finance director. "But we don't like to see our share price going up on speculation of anticipated future success."

If Conoco does hit the bullseye, however, every 100m barrels of recoverable oil it finds could be worth 60p a share to Saxon's net asset value, according to Wood Mackenzie, the company's stockbrokers. Saxon has a 10 per cent share of the block, while Conoco holds 61 per cent and Lasmo 25 per cent.

A less speculative source of excitement for Saxon lies 210 miles south, where appraisal tests have recently been completed on Conoco-operated block 16/8b, in which Saxon has a 30 per cent interest.

Analysts had marked down that area for 100m barrels of oil. But Shell, BP and Esso have been stepping up their activities on the borders of the block in recent weeks, indicating perhaps, that they know something the analysts don't.

"It looks like a fairly active appraisal programme to me," says John Heaney, Saxon's managing director and a former Shell exploration man. "It doesn't take much to put two and two together to make quite a long row of beans."

Coming out in the wash

AS THE Californian dishwasher company, Chemical Methods Associates approaches its first anniversary on the USM, it can reflect that the experience has been little short of a wash-out.

After a sparkling market debut last May, when its offer for sale at 115p was oversubscribed about 15 times, CMA's shares are languishing at 25p, valuing the company at £2.8m.

The year has been studded with setbacks, but the group, which reported a full-year loss of $144,000 recently, against its forecast of a $4m profit, believes that it may be turning the corner.

Its U.S. directors plan to visit London shortly to outline to analysts and shareholders just why their fortunes may be improving.

Five months after its arrival on the USM, CMA requested a temporary suspension of dealings when it realised that it would miss its profits forecast by a mile.

In a unique act of corporate penance, it offered shareholders their money back. Holders of 8.8 per cent of the equity took up the offer, costing CMA about $1m last year.

Unlisted Securities Market

Its difficulties came on three main fronts. Gremlins emerged in the electrical circuits of a new machine, the Moving Mizer — a conveyor belt commercial dishwasher.

Like the company's main product, the Energy Mizer dishwasher, it claims to offer energy savings of up to 85 per cent by washing dishes at lower temperatures and sanitising them with chemicals.

It cost $150,000 to repair the faults and the incident went down like a lead balloon with the dealers.

Secondly, sterling's weakness led to a $226,700 exchange loss on the £4m which CMA raised on coming to the market and which had to be transferred to the U.S. parent.

The core of its difficulties lay in a new direct sales team, inappositely known as Strike Force.

While group marketing expenses rose by 50 per cent last year, sales went up by a measly 12 per cent.

As a result, CMA has disbanded most of its direct sales force on both sides of the Atlantic.

After 1983's bout of hiccups, CMA is steering clear of precise forecasts this time. But James Lennox, director in charge of Europe, says: "We have addressed the problems which stopped us last year, and the group will obviously make a profit."

W.D.

A tip from the top

ALTHOUGH HE is now well into his 76th year, and has just witnessed the worst slump in the diamond business since the 1930s, Mr Harry Oppenheimer's enthusiasm for the industry remains unshaken.

In his latest chairman's statement in the annual report of De Beers Consolidated Mines, Mr Oppenheimer points to the signs of recovery in demand that have started to emerge, and takes a decidedly more optimistic tone than has been possible over the past couple of years.

He even provides a boost to the marketing efforts of De Beers' Central Selling Organisation, which currently concentrate on increasing demand for the larger and better-quality stones which make up the bulk of the CSO's stockpile of unsold rough (uncut) diamonds.

Mr Oppenheimer makes the valid point that supplies of the more valuable gems are becoming scarcer all the time, in spite of new diamond discoveries, as most of these contain smaller and lower-quality stones.

At the same time, the old established mines producing the better qualities are now in a period of decline, quite apart from De Beers' own efforts to reduce the proportion of its own output which is made up of the more expensive goods. These efforts have included the closure of the Letseng-la-Terai mine in Lesotho and production cuts elsewhere.

Thus the rarity value of the best in turn should mean higher prices in future.

Although demand for these stones may be restricted at present, partly because of the collapse of the investment diamond boom of 1980 and 1981, Mr Oppenheimer says he is confident that this problem is bound to solve itself.

"I am not therefore unduly concerned," he adds "that De Beers should hold substantial stocks of these qualities." Indeed, he sees the present problems turning into important profit-making opportunities.

This could very well happen, especially if Mr Oppenheimer's personal imprimatur on the main marketing message of the CSO has the desired effect.

The main item of news in the chairman's statement is the first real indication of the value of De Beer's prospecting work on the Farm Venetia in the northern Transvaal in South Africa.

This exploration has been going on for a couple of years now, in conjunction with two other South African companies, Anglovaal and Middle Witwatersrand (Western Areas), and has aroused considerable interest among diamond watchers.

Unfortunately, Mr Oppenheimer reveals that the deposit is not viable "in present economic circumstances." Nevertheless, there remains a glimmer of hope in the news that more work is being done in the area.

As far as the world's newest diamond mine, the big Argyle operation in Western Australia, is concerned, Mr Oppenheimer scotches fears that the trend towards synthetically produced industrial diamonds could be damaging for the newcomer's output of natural industrials.

The CSO, he says, is well placed to tackle that problem when Argyle reaches full production in 1986.

● THIS WEEK also saw the publication of a decidedly mixed bag of first quarter results from some of the giants of the north American mining scene.

Perhaps the best news came from Amax, which was able to report its first quarterly profit since 1981, with a net surplus of U.S.$8.2m (£5.8m). This compares with a loss of $48.7m in the corresponding period of last year, and represents a sharp improvement on the loss of $366.9m in the final three months of 1983, when admittedly the group had to take write-offs totalling more than $300m on its loss-making copper and molybdenum businesses.

The figures, as with most of the companies to report this week, were distorted by extraordinary items, in the case of Amax a credit of $7.7m for an income tax operating loss carried forward and $4m from the sale of some of its huge coal holdings to Petrofina.

Amax benefited from higher prices and deliveries of aluminium, a return to profit in its magnesium business, improved earnings from the energy side and from base metals, apart from nickel, and lower losses on molybdenum.

A fall of $5m in interest charges to a total of $54m also helped, largely as a result of the repayment during the quarter of $200m in outstanding debt.

● There was good news also from Rio Algom, the Canadian arm of the Rio Tinto-Zinc group. Algom was one of the principal reasons for RTZ's good progress in 1983, with profits trebling to C$51.1m (£28.3m), and has started 1984 in fine style with first quarter net profits of C$16.02m.

This is a small improvement over the previous three months, when profits were C$15.95m, and a big jump in comparison with the C$6.05m in the first quarter of 1983.

● Newmont Mining of the U.S. in which London's Consolidated Gold Fields holds a stake of just under 26 per cent, has also done better in the opening three months of 1984, although here the advance largely represents the reversal of a provision of $6.7m against copper stocks held by the wholly-owned Magma Copper in line with the lower metal prices of the last quarter of 1983.

Newmont has opened its 1984 account with net profits of $11.8m, after an extraordinary gain of $6.6m from revaluing Magma's stocks. This compares with $18.54m in profits in the first quarter of last year, and earnings of just $960,000 in the closing three months after the extraordinary debit of $6.7m at Magma.

MINING

GEORGE MILLING STANLEY

SAVINGS OFFERS

UK CONVERTIBLE STOCK 28/4/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Con-version dates⊕	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div♡	Cheap (+) Dear (−)◇ Current
British Land 12pc Cv. 2002	9.60	395.50	333.3	80-02	3.0	—	−5.8	−8 to 1	46.5	61.3	3.5	+9.3
Hanson Trust 9½pc Cv. 01-06	81.54	301.50	160.7	85-01	3.2		−4.3	−8 to −1	171.6	71.5	−31.8	−27.5
Slough Estates 10pc Cv. 87-90	5.03	292.50	234.4	78-85	3.5		−1.7	−14 to −1	13.4	9.5	−1.3	+0.4
Slough Estates 8pc Cv. 91-94	24.72	123.50	97.5	80-88	6.6	4.5	−0.3	−6 to 3	21.7	25.9	3.4	+3.7

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

GUARANTEED INCOME BONDS

Still a lot to offer

JANET WALFORD on what the taxpayer can expect after the Budget changes

FOR ANYONE seeking a secure rate of return on their capital, guaranteed income bonds can still offer a good deal despite adverse changes in the Budget. Basic rate taxpayers can still achieve around 8¼ per cent per annum from a guaranteed bond, whilst those paying 50 per cent tax can get about 6 per cent pa.

Before the Budget many of the life insurance companies who issued guaranteed income bonds used the tax relief on premiums to boost the return by including regular premium life policies in the bond package.

Now that tax relief has gone, however, the range of bonds available has been reduced. The minimum investment for a bond is £500-£1,000. Anyone aged 18 to 85 can take out a guaranteed bond although they tend to appeal mainly to older people.

There are now only three types of guaranteed bond available, and because of their different structures, they are taxed in different ways. These make one type of bond more attractive to higher rate taxpayers than others.

Guaranteed income bonds, which combine a temporary and deferred annuity, of which there are about a dozen, are available for usually five to ten years.

They offer a return in the region of 7½ per cent to a basic rate taxpayer (5.35 per cent to a 50 per cent taxpayer).

The income paid from the temporary annuity is made up of part tax free capital and part interest. The older the bondholder, the larger the tax free capital element. So the higher the net income. Only the interest is subject to tax at the highest rates paid by the individual.

The life office issuing the bond will deduct basic rate tax from the income before it is paid, and non-taxpayers may reclaim this tax from the Revenue. Higher rate taxpayers must include such income payments on their tax return so that a higher rate liability can be assessed.

At maturity, income tax at the bondholder's highest rate is payable on any gain, the difference between the initial outlay and the maturity value.

The maturity value will be greater than the initial investment, by an amount sufficient to meet the basic rate tax charge, and leave at least the basic rate taxpayer with a full return of his original outlay.

The great majority of guaranteed income bonds on offer however, are structured as single premium endowment policies for terms of one year or more. Income, which is payable yearly in most cases, is in the region of 8¼ per cent to the basic rate taxpayer, 6 per cent to the 50 per cent taxpayer.

There will be a liability to higher rate tax on death, maturity, payment of income or surrender of the bond but there is no basic rate tax liability. Each year the bondholder is entitled to receive up to 5 per cent a year of his investment untaxed. However, when the bond matures all the income previously received untaxed is added to any payments received at maturity and the total is taxed.

The 5 per cent allowance, if unused in any year, may be accumulated to be used against payments made in the future years.

Scottish Equitable offers a different type of guaranteed bond written as a series of single premium endowment policies. The purpose of writing it this way is to avoid higher rate tax at the time the income is withdrawn. This makes it an attractive investment for higher rate taxpayers approaching retirement whose tax rate is likely to be lower when the bond matures.

The bond pays 7¼ per cent free of tax at the time the income is withdrawn. This is because the initial investment is divided between several policies. One of these policies is encashed each year for exactly the same amount as was paid for it, so there is no gain. Since there is no gain, there can be no tax charge at the time.

The gain comes at the bond's maturity in five years. At that time the gain (total proceeds less total outlay) will be liable to tax at the individual's highest rate.

But no basic rate tax liability arises—and the gain is divided by the number of years the bond is held (in this case five) to produce a figure or "slice" which is added to income to determine the rate of tax to be paid.

A word of caution to older investors. Age allowance, the additional personal allowance given to men and women over 65, can be affected by income bond withdrawals and maturities. If the income of the bondholder, and bis spouse, including any bond gain, is less than £8,100 for the year ending April 1985 then no problem arises.

However, if the income or gain takes the bondholder's income to a figure between £8,100 and £9,300 if married or between £8,100 and £8,828 if single, then the age allowance is reduced by two-thirds of the income in excess of £8,100. This bas the effect of drastically increasing the marginal tax rate.

NATIONAL SAVINGS

Gilts and Grannies . . . the great controvers

CLIVE WOLMAN reports on a stir in a sleepy little backwater

NATIONAL SAVINGS products usually form one of those sleepy little backwaters, free of controversy and scandal, at which any self-respecting journalist will turn up bis nose.

After all, the discounted present value of Granny Bonds (second issue) is bardly the stuff from which the great issues of the day are made.

However the ire of several readers has been roused by a passing remark on these pages four weeks ago that, for once, the Department of National Savings had done its sums wrong and no one, except top-rate (60 per cent) taxpayers, sbould touch the new issue of National Savings certificates with a bargepole.

And as for Granny Bonds (index-linked certificates), they should not be toucbed by anyone at all—not even grannies wbo believe we're on the threshold of an upsurge in inflation of Weimar Republic proportions.

Higber post-tax rates of return were being offered, the article suggested, either by the building societies or by certain Government gilt-edged securities of the index-linked or conventional variety.

One reader, Mr Keith Tunstall of Leamington Spa, has bad published two letters to the editor on this subject. The first to be publisbed on April 14, argued that the 7.25 per cent tax-free return offered by the latest 27th issue of National Savings certificates represented a higher return than that on gilts, even for 40 per cent taxpayers.

Mr Tunstall made a comparison between the grossed-up return on the 27th issue for 40 per cent taxpayers, which was 12.09 per cent and the gross (pre-tax) redemption yield on gilts which is ahout 10 to 10.5 per cent.

But Mr Tunstall made the error, as several other readers bave done, of assuming that the holder of a gilt pays tax on its full redemption yield. In fact, some gilts are structured by the Government in such a way as to allow their holders to avoid paying tax.

Tbis is not done directly by a tax exemption, as with National Savings certificates, but through a convoluted device which involves paying out a low dividend (which is fully taxable) and a high guaranteed capital gain which is tax-free.

It means that the 40 per cent taxpayer can receive a post-tax yield on the right gilts well in excess of 6 (10 x 0.6) per cent. He can achieve a yield in excess of 7.25 per cent.

Stockbrokers Pbillips and Drew have produced figures showing why low-coupoo gilt-edged securities, whose redemption dates are only two to four years away, offer more attractive returns than National Saviogs Certificates.

The returns are calculated for different rate taxpayers both on the assuoiption that they are sold after 12 to 18 months on the most tax efficieot date (to allow the holder to avoid tbe receipt of a divideod).

For simplicity it is assumed that tbe redemption yield has not cbaoged betweeo the buying and selliog date.

The results in the table show that the highest-yielding stock (at Wedoesday's closing prices), Exchequer 2½ per cent 1987, offers a better return tl National Savings certificate

Eveo top-rate taxpayers find it more, or at least attractive.

As ooe correspondent poin out last week gilts also h the advantage that they can cashed in at any time, wher National Savings certifica have to be held for five ye to reap the full interest rate

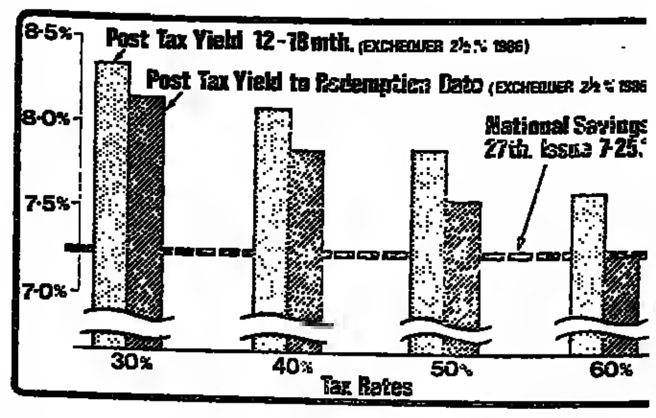
However, Phillips and Dre calculations also show that, less you believe inflation going to fall and stay below to 4 per cent over the next fo years, you will achieve ev higher returns from Treasury 2 per cent 1988 ind linked gilt, whose price recently fallen.

AFTER TAX YIELDS ON THREE GILT-EDGED ECURITIES

	Held for 12-18 mths				Held to redemption			
Taxe rate	30%	40%	50%	60%	30%	40%	50%	60%
Treasury 3pc 1986	8.11	7.87	7.63	7.39	7.85	7.54	7.23	6.91
Exchequer 2½pc 1978	8.33	8.09	7.85	7.60	8.14	7.84	7.55	7.25
Transport 3pc '78-'88	8.13	7.78	7.42	7.07	8.03	7.66	7.28	6.91

Break-even inflation rate on Transport 3pc '78-'88 and Treasury 2pc 1988 index-linked gilt:

Tax rate	30%	40%	50%	60%
Inflation rate	3.91	3.73	3.55	3.37



YOUR SAVINGS AND INVESTMENTS—2

A new and simpler way of playing the stock market ...

A device for speculation or hedging

INVESTORS WILL be given the chance to play the stock market without having to buy or sell any shares from next Thursday.

Two new financial instruments are coming to London after achieving unrivalled popularity across the Atlantic and Pacific oceans, among big and small investors alike.

These are the traded options and futures contracts on the recently-launched stock back up your judgment. market index, the FTSE 100-share index.

Don't be put off by all the mind-blowing gobbledygook and technical jargon: the writing of straddles, the deep-in-the-money puts, the contangos and the backwardations.

What matters is if you think the UK stock market is going to rise, or you think it's likely to fall, you can now of these instruments to oversimply and cheaply.

It will certainly be much cheaper than buying or selling individual stocks, or than buying into unit trusts and investment trusts. If you own a diversified portfolio of UK shares or units in a UK trust, these instruments will allow you to hedge your investments against the risk of a fall in the stock market.

The main danger is that you may be tempted by one commit yourself.

A little bit of money takes you a lot further, either into profit or into loss—to be more precise, between eight and 20 times further than investing directly in shares. This means that to take on the same risk as a stock-market investment, you should commit only between one-eighth and one-twentieth of the money you would have committed to shares.

Alternatively, by buying call options if you think the market will rise, or by buying put options if you think it will fall, you can limit your risk of losses. C.W.

How to tackle the options complexities

RAY MAUGHAM explains the ways in which you can use traded options to boost or protect your returns

Investors have had six years to understand the London Traded Options market and some have learnt profitably to exploit its refinements.

Most of the established traded options techniques will be applicable to the new option on the FTSE 100 but with two important exceptions. Investors will be taking a view of the performance of an index rather than individual stocks — and settlement will be for cash.

Traded options at present are based on the shares of a relatively small number of the largest companies. Even a wide spread of these options is not sufficient to give you an exposure in line with the stock market.

The Stock Exchange is hoping that options trading linked to the FT-SE 100 Index, known universally as "Footsie," will provide better opportunities for risk taking and risk covering. Footsie comprises 69 leading industrial shares, five oils, 21 financial companies, two investment trusts, two mining finance houses and an overseas trader.

Its members make up about 70 per cent of the present market value of all UK equities so Footsie certainly is big enough as a base for options trading.

How does it work? Each option contract represents a notional value of £5, divided into 500 units of 1p each, multiplied by the Index value. The prices at which the options can be exercised are set at intervals of 25 Index points (1,025, 1,050, 1,075 and so on) by reference to the level of the Index at the time when a new series of options is introduced. Thus the underlying value of the contract is the product of its notional, £5, value and the exercise price. Thus, the value of a contract undertaken in a series introduced when the Index is at 1,050 would be £5,250.

Option premiums will be quoted in pence per unit so that, if an option is shown in the market at a premium of 50p, the cost of that contract would be the product of the premium, 50p, and the number of units per contract, in other words 500 x 50p.

Like stock options, their Index equivalent have a maximum life of nine months and are based on the March, June, September December cycle. The possibility of exercising the option expires on the last business day of the month.

The Index value will be determined at 3.30 pm each business day. When a contract is exercised on the date of its expiry, the Index value will be determined by taking the average of each of the Index values between 11.10 and 11.20 am after ignoring the highest and lowest values between these times.

The exercise of an option is on a cash basis and settlement will be made two business days after submitting exercise notices. The cash which changes hands is the "in-the-money" element of the contract; in other words the extent to which the Index has risen above the level specified in a call option or the extent to which it has fallen against the level specified in a put option.

You buy a call option in anticipation of a market rise, and buy a put in the belief that the market is about to fall. The possibilities are extended by the facility the traded options market offers investors to sell, or "write" options. An option writer may not expect the market to move very much downwards, if at all, and, on that view, can sell a call option to an investor taking a rather more bullish stance.

For example, a purchase of a put option contract at 25p on the December 1050 would cost £125, or 25p x 500. If, say, the Index falls to 980 and the premium rises to 75p, the investor would double his money (50p profit x 500).

But he would lose 5p per unit if, for instance, the Index stood at 1030 when the December 1050 series expired. On the other hand, had he sold a call on the 1050 series he would keep the whole of the premium since, after a fall to 1030, the call option would be valueless.

The margin required on Index option writers is calculated on the basis of 12½ per cent of the current Index value plus the amount by which the option is in or out-of-the-money.

Several City stockbrokers are willing to advise clients on how to use stock index options and to deal for them.

These include: Grieveson Grant, Phillips & Drew, Shepards & Chase, Vickers da Costa, Capel-Cure Myers, James Capel, Walter Walker and Charles Stanley. Those specialising in small private client business include Northcote & Co, A. J. Bekhor, Heseltine Moss and Lyddon & Co.

Anyone for March? stock options trading in Chicago

Skewed by tax

CLIVE WOLMAN on how the taxman distorts the equation

IT IS a sad reflection on the perversity of our tax system that the greatest tax privileges for stock market investors are granted to those who take bets on the market rather than using more conventional means.

In practice, betting on the stock market index, using stock index options or futures or buying units in a general UK unit trust, will all achieve the same results, provided you have done your calculations correctly.

But when it comes to the benevolence of the taxman, the ranking of these four different mechanisms is as follows:

1—Betting—all profits are tax-free although a tiny amount of betting tax is imposed on your stake.

2—Options—your returns are subject only to capital gains tax at a rate of 30 per cent, but there is an annual exemption per person of £5,600 of gains.

3—Unit trusts (and investment trusts)—your returns in the form of capital gains are subject to CGT, while dividends are subject to income tax.

4—Futures contracts—all your returns will normally be liable to income tax at your top marginal rate under schedule D case (vi), which means that any losses cannot be offset against your regular income. (Occasionally the taxman will impose only CGT.)

In practice, for many investors the use of options will be just as attractive from a tax point of view as betting on the FTSE, because of the £5,600 annual exemption on gains.

An additional advantage is that, if you lose money through the use of stock index options, you can offset that loss however small against any other capital gains you may have made. By contrast, losses on betting cannot be offset against anything.

This makes it worthwhile always to use options rather than a down-bet on the index as a way of hedging your portfolio.

This will guarantee you one capital loss which you can offset against an approximately equal and opposite capital gain.

There is however a small risk that the Inland Revenue could seek to distinguish between stock index options and other traded options and tax them as if they were futures contracts.

The commission charges for dealing in traded options are lower than for betting. And the additional cost of buying an option (which goes to the seller or "writer" as a premium to limit your downside risk) can be eliminated by buying a call option and selling a put in the same series (see adjacent article).

This will give you the same exposure to the fortunes of the stock market as taking an up-bet or going long on a futures contract on the index.

YOUR SAVINGS AND INVESTMENTS—3

. . . a way of avoiding the purchase or sale of shares

Challenge to unit trusts

CLIVE WOLMAN on the controversy about how the fund managers should use the new contracts

IT IS no longer so easy to pick out at a glance the traditional stiff upper-lipped City gent of folklore. The bowler hat and umbrella are out.

Even watching who gets off the 8.17 from Tunbridge Wells at Cannon Street is not of much assistance.

But one of the remaining acid tests is to ask a suspect what he thinks about investing in futures contracts or options.

A lack of investor protection, particularly in the commodities field, has spawned a stream of sharp practices and aggressive salesmanship punctuated by a few dramatic scandals.

Whereas in the U.S. the economic importance of futures markets has soared in the last 15 years with the number of contracts traded annually rising from less than 10m to 112m (worth well over a trillion dollars) in the UK futures markets have acquired a seedy reputation.

As a consequence, many City folk have turned their noses up at the latest offering of stock index futures and options, including even the investment managers who might be expected to make good use of them.

According to Clive Fenn-Smith, managing director of Barclays Unicorn, the fourth largest unit trust group: "These things are little more than gambling devices. I don't understand them properly and I doubt whether any of our unit-holders do either."

David Steen, of jobbers Pinchin Denny and chairman of the Stock Exchange traded options panel, claims that there is a general lack of understanding of the economic functions of options and futures contracts. But he reserves particular criticism for the Government and its taxation and regulatory policies.

"They are very ignorant about these things," he says. "They are not switched on like the U.S. government."

He is also critical of journalists. "The press is as conservative as everyone else," he says. "They just accept conventional wisdom."

Unit trust managers however are at least as guilty of his charge. For nearly a year, they have been granted the freedom to use traded options on individual shares by the Department of Trade and Industry. But very few groups have done so.

Save and Prosper, Britannia and Montagu Investment Management are three notable exceptions.

It is not clear whether the present rules could be interpreted to permit unit trusts to use stock index options. The DTI believes that amendments would be necessary first.

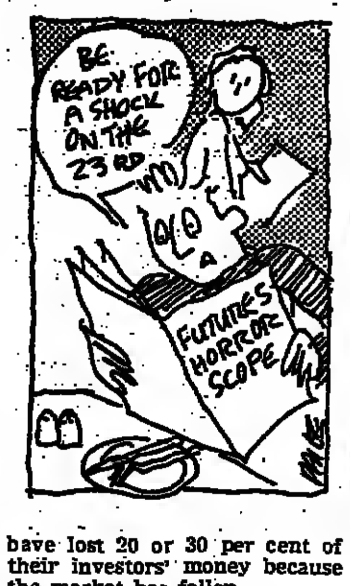
But if and when the use of futures and options are permitted, a unit trust management group could sack its UK fund managers and dealers, slash its management charges and guarantee an investment performance very nearly in line with the stock market index merely by the use of these financial instruments.

Performance figures produced this week by the Unit Trust Association (see table) show that very few unit trusts have achieved a return over five, 10 or 15 years which has been greater than that represented by the rise in the stock market index (the FT-All-Share index).

The availability of stock index futures and options should also remove the excuse of unit trust managers that have lost 20 or 30 per cent of their investors' money because the market has fallen.

For they will have the ability to hedge against a fall in the stock market without needing to sell off their shares. This will mean that a general fall in the value of their shares will be offset by a profit on the options or futures contracts.

In fact, a fund manager who claims he has the ability to pick undervalued stocks but has no skill in forecasting the ups and downs of the stock market in general will be able to remain 100 per cent hedged against the market all the time.



UNIT TRUST PERFORMANCE STATISTICS AS AT APRIL 1 1984

Current value of £1,000 invested 5, 10 or 15 years ago, with net income reinvested

Sector	General			Growth			Equity Income			International			FTA All Share Index (with income reinvested)		
Invested ... years ago	5	10	15	5	10	15	5	10	15	5	10	15	5	10	15
Median Fund	2152	4949	4522	2139	4629	4900	1997	5422	6079	2298	3630	3809	2397	6639	5404
No. of funds in sector	73	58	34	54	43	19	68	42	22	41	30	31			

Source: UTA

Top of the U.S. pit parade

IN THE RACY, raunchy and noisy "pits" of the Chicago and New York commodities and futures exchanges they call them "pork bellies in pin stripes."

Just two years after their introduction in Kansas City the new stock index instruments rank among the fastest growing contracts around.

In Chicago their success has tempted former taxi-drivers, teachers and surgeons into the pits and it is not now unusual to find secretaries and office workers with "a position" in the market.

While individual investors still account for a minority of trades—perhaps 20 to 25 per cent of contract volume—Henry Nothnagel, vice-president for marketing at the Chicago Board of Options Exchange (CBOE) says: "They are a natural product for the individual.

"Anyone who ever had a feeling or a hunch on the market now has one vehicle to accomplish his aim," Nothnagel says. For some individual investors the stock index instruments have actually replaced "big stocks" like IBM as market surrogates.

"People are using them to play the markets," says Nothnagel, who eagerly points out their advantages over the more traditional market surrogates. "In the past it was possible to be right about the market but wrong about a particular stock."

Lewis Horowitz, president of the New York Futures Exchange—which is known as "the knife" on Wall Street—is equally enthusiastic and emphasises their hedging and insurance potential to the individual investor.

"You insure your home, your car and your family," he says. "Why not insure your wealth by hedging in index futures?"

Mr Horowitz, a voluble, irrepressible 47-year-old seasoned trader who has successfully helped Kyfe carve out a niche in a market dominated by the Chicago exchanges, acknowledges that stock index instruments are not for everyone but says they offer some real possibilities for managing risk.

"The biggest fiduciary responsibility in the '80s is the handling or transfer of risk," he says, and as far as Horowitz is concerned stock index instruments offer a near-perfect vehicle.

In a down market, like the U.S. market in the past few months, the new instruments have helped "take the itch out of the mosquito bite," says Horowitz who likens someone who hasn't hedged their portfolio to "walking around without suspenders or a belt on."

Like other stock index "converts" Mr Horowitz emphasises not only the hedging and insurance potential of the new instruments but also the liquidity and quality of the new markets and the opportunity stock index options and futures offer for introducing a limited degree of "beta or volatility" into a portfolio.

For those that believe in the new instruments they appear to offer something for everyone.

The bullish investor can speculate on the market without having to pick an individual stock while the bear can sell contracts without liquidating a portfolio.

To those who have argued in the U.S. that stock index instruments represent little more than gambling Horowitz has a classic answer: "There is no sin in being a hedger and no sin in being called a speculator."

Indeed, stock index instruments have gradually found respectability in the market as more and more sophisticated uses for them have been devised by the big Wall Street firms and a growing number of institutions, as well as individuals, have been attracted to the markets.

Louis Margolis, Salomon Brothers vice-president in charge of options and futures, says he believes "there are now well over 100 institutions" actively using the new instruments.

Like other experts, Margolis believes one of the big attractions stock index instruments may provide in London is the tremendous transaction cost savings they can offer over buying a similar sized stock portfolio.

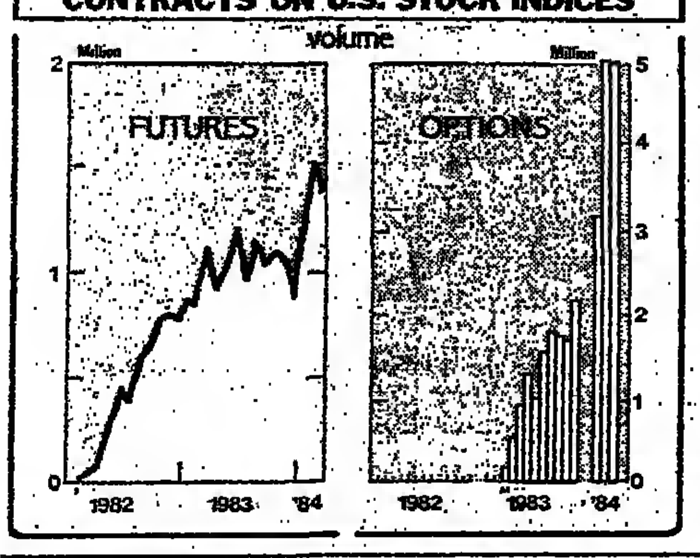
"There could be enormous cost savings," he says. As a result, he believes, the London stock market could "really get shook up big."

In the U.S. the advent of the stock index contract trading in London next week is viewed with great interest in the light of the U.S. experience to date.

"I hope London will give them a chance," says Richard Heckinger, deputy managing director of the Chicago Mercantile Exchange's European office. "Certainly you can take a bet on the market but there is much more than that to the contracts."

Paul Taylor in New York

CONTRACTS ON U.S. STOCK INDICES



YOUR SAVINGS AND INVESTMENTS—4

The burden of wealthy parents

MANY PARENTS with children at university or polytechnic will have to dig deeper into their pockets next year.

The Government is cutting back on grants paid to students from better-off families by revising the means-testing scales which determine how much grant is paid. The system has always required wealthier parents to make larger contributions. But from the start of the academic year in September the wealthy will be penalised more heavily.

The details, announced last November by Sir Keith Joseph, the Education Secretary, were released last week to the local authorities which will handle applications, questions and complaints.

The main level of grant is being raised from £1,975 to £2,100 for students in London, and from £1,660 to £1,775 for those studying elsewhere.

For students living with their parents the grant goes up from £1,275 to £1,435. There are extra payments for mature students aged 26 or more and for the disabled.

But only 150,000 of the estimated 381,000 students eligible for grants this year, 1983-84, received these payments in full. Most of the others are supposed to receive the shortfall from their parents.

The graph below illustrates how the proportion parents are being asked to contribute has been increased. The table shows the amounts parents are to contribute in 1984-85 for different levels of "residual income."

This "residual income" figure is calculated by taking the parents' joint gross incomes, both from earnings and investments, for the last financial year, in this case the year to April 5, 1984. From this are deducted certain allowances—£980 for each child or other dependent excluding the student and one's spouse; and £400 for a parent who is also studying on a course eligible for a grant.

The resulting residual income determines the contribution. But this contribution is itself reduced, and therefore the grant increased, by £80 for each child (other than the student) and by £210 for any other child also eligible for a student grant.

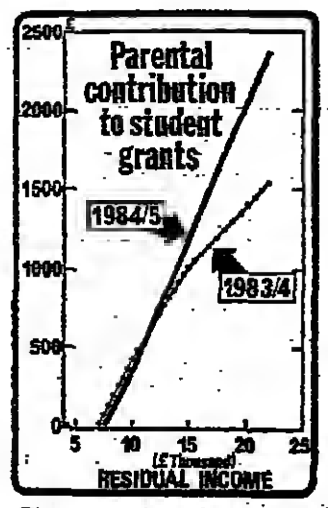
At the top end of the income scale, as the table shows, parents with a residual income of more than £18,000 are expected to make a contribution to the upkeep of a second student in the family as well as the first.

This is not quite the end of the story. There is a minimum grant paid to students irrespective of parental income which has been set at £205, half the previous minimum of £410.

Thus the most parents with one child at the top end of the income scale will be expected to pay is only £1,570 (or £1,895 in London).

Parents' incomes are disregarded in paying grants if the student is 25 or more or has been financially independent for at least three years before starting the course.

But all students are liable to have their own incomes taken into account if these exceed £400, after tax and national insurance, during the year covered by the grant.



The grant is reduced pound for pound by the amount earned over £400. Up to £790 is disregarded in the case of trust income where both parents are dead.

There are two extra allowances. Students can earn a further £580 from scholarships, or up to £850 on National Engineering Scholarships, without suffering cuts in their grants.

In the case of married students, the income of a spouse is taken into account, in a similar way to parental incomes, by a means-testing scale.

Residual £	contributions £
7,400	–
8,000	77
9,000	220
9,700*	320
10,000	370
12,000	703
14,000	1,036
16,000	1,370
18,000	1,703
20,000	2,036
22,000	2,370

* Point at which the rate of contribution changes from £1 in every £7 of additional income to £1 in £6.

Scale continues beyond £22,000 at the rate of £1 for every complete £6 of additional income.

TAXATION

The foreign connection

John Underhill looks at the advantages of a foreign domicile still remaining after the Budget

THE UK has for years been regarded as a tax haven for anyone born abroad. Even someone who has lived in the UK for many years may still be able to claim substantial tax advantages if he was born in a foreign country.

This is because most countries tax people on the basis of citizenship, but the UK does not. Tax is levied in the UK on the basis of two concepts: residence and domicile.

Historically, this dates from when income tax was developing and the British Empire was at its zenith.

To tax all British subjects from Canada to Burma was impossible. So different definitions of those liable were evolved.

Residence is a matter of fact which is usually straightforward. Domicile as a concept is more difficult.

An individual is domiciled in the country in which he intends to live permanently. He must at some time have actually lived in that country but need not do so continuously.

Neither is it essential for him to take citizenship of that country, although to do so would provide evidence of a permanent intention.

The chief income tax advantage to someone able to claim a foreign domicile but working in the UK for an overseas company has been the ability to claim a deduction of up to 50 per cent of his earnings. But now this deduction is to be progressively withdrawn under the Finance Bill. But other tax advantages remain.

One of these is that the earnings of a separate foreign employment where the duties are all performed abroad, such as a directorship of an overseas subsidiary, are taxed in the UK only if they are remitted to this country.

Detailed rules define "remitted" but broadly any arrangement whereby the income is enjoyed in the UK will lead to an income tax assessment.

Another advantage is that overseas investment income and overseas capital gains are also only taxed on the remittance basis.

In the continuing absence of Exchange Control these advantages mean that income from foreign earnings and overseas investments may be accumulated overseas and used for overseas expenditure, such as holidays, without becoming liable to income tax.

A third longer-term advantage is that Capital Transfer Tax applies to the UK assets of individuals domiciled abroad. It matters not where the individual is resident as long as his domicile rests in an overseas country. Such individuals would be wise to hold their assets abroad, or through an overseas holding company.

There are several ways in which a foreign domicile may be acquired:

● A person at birth is "domiciled" in the country in which his father is "domiciled." In most cases this will be obvious and will follow citizenship but need not do so. This is known as the domicile of origin, and will stay with the individual unless he takes positive action to change it.

● If the person emigrates to a new country to live, and expresses the intention to live there permanently, he will then, and only then, acquire a domicile of choice in the new country. This will remain until the individual leaves the new country permanently.

So someone born in, say, Austria who comes to the UK as a student and stays on to work, marry and raise his own family may continue to be domiciled in Austria, regardless of his citizenship.

He must express an intention to return to Austria at some future date, so that he demonstrates that he does not regard the UK as his permanent home. This is what Mr Bullock, a Canadian who married an English girl in 1946, did.

His wife declined to live in Canada, but he consistently expressed the intention to return there, and the Court of Appeal held that he had not acquired a domicile of choice in England.

The moral is that if an individual or his wife, who since January 1, 1974 may have a domicile different to that of his husband, have a long-term objective of returning to an [illegible] they once came, they should claim not to be domiciled in the UK.

● JOHN UNDERHILL is a partner with accountants Ernst Whinney.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6) as at close of business on Monday 23rd April 1984; columns (7)–(11) as at 30th March 1984 (Geographical Spread: columns (7)–(10)).

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.3.84 (12) base=100
	CAPITAL & INCOME GROWTH										
103	Aberdeen	Aberdeen Fund Managers	135	4.9	178	70	24	4	2	103	219
351	Alliance Trust	Independently managed	495	3.9	683	40	43	9	8	95	241
57	Anglo Scottish	C S Investments	127	2.9	156	46	45	3	6	100	245
82	Bankers	Touche, Remnant	73	4.1	100	55	28	12	5	110	260
186	Border & Southern	John Govett	186	3.3	186	42	22	24	12	107	236
†	British Investment	Independently managed	298	5.2	†	†	†	†	†	†	†
66	Brunner	Kleinwort Benson	63	4.1	86	45	35	7□	13□	105	248
49	Cardinal	Foreign & Colonial	169	3.2	193	45	20	17	18	94	240
73	Charter Trust & Agency	Kleinwort Benson	64	4.4	90	54	26	14	6	96	242
108	Continental & Industrial	Schroder Wagg	457	4.8	622	59	39	–	2	102	230
152	Drayton Premier	Montagu Inv. Man.	346	4.7	482	55	25	16	4	95	†
†	Edinburgh Investment	Independently managed	98	3.6	†	†	†	†	†	†	†
97	First Scottish American	Independently managed	214	3.4	282	46	33	19	2	101	235
482	Foreign & Colonial	Foreign & Colonial	115	3.0	153	42	30	21	7	107	265
49	General Consolidated	Philip Hill	196	5.6	258	60	35	–	5	96	241
592	Globe	Electra House Group	232	5.2	310	64	22	8	6	98	209
261	Philip Hill	Philip Hill	209	5.1	269	91	4	–	5	98	232
7	Jos Holdings	Kleinwort Benson	100	4.5	114	72	19	9	–	99	235
6	Lancashire & London (q)	Rea Brothers	112	3.7	151	67	33	–	–	74	†
23	London & Lennox	Gartmore	97	2.9	124	36	41	17	6	100	264
27	London & Strathclyde	Gartmore	143	2.3	169	49	42	3	6	117	271
36	Meldrum	Gartmore	146	3.9	180	77	23	–	–	98	289
68	Nineteen Twenty-Eight	Philip Hill	160	4.6	183	54	41	–	5	94	213
114	Northern American	Independently managed	235	3.3	310	45	33	22	–	104	237
86	Outwich	Baring Brothers	109	3.1	152	57	20	13	10	119	234
105	Raeburn	Lazard Brothers	273	4.4	374	54	28	12	6	97	227
67	River & Mercantile	Percy Tarbutt	103	6.1	139	65	14	15	6	100	246
37	River Plate & General	Percy Tarbutt	182	4.9	232	73	13	1	13	98	230
23	Scottish & Mercantile (q)	Rea Brothers	307	3.6	419	68	32	–	–	92	†
16	Scottish Cities (q)	Rea Brothers	360	5.5	490	73	22	–	5	70	†
378	Scottish Mortgage	Baillie, Gifford	311	2.9	415	36	34□	27	3	101	287
172	Scottish National	Gartmore (Scotland)	186	3.0	245	52	34	8	6	105	248
†	Scottish Northern	Paull & Williamsons	113	3.9	†	†	†	†	†	†	†
116	Second Alliance	Independently managed	424	3.8	590	40	43	10	7	96	240
121	Securities Trust of Scotland	Martin Currie	99	4.6	134	65	19	15	1	112	224
408	TR Industrial & General	Touche, Remnant	137	3.3	180	42	20	29	9	104	237
303	Witan	Henderson	128	2.7	173	53	24	15	6	106	269
36	Yeoman (q)	Independently managed	228	4.8	283	77	13	6	4	98	237
	United Kingdom										
9	City of Oxford	Hambros Bank	182	4.8	217	96	1	–	3	98	223
28	Fleming Claverhouse	Robert Fleming	222	4.8	285	100	–	–	–	99	260
23	New Court	N M Rothschild	340	5.8	441	96	2	1	1	106	†
†	Shires	Stanecastle Assets	213	8.3	†	†	†	†	†	†	†
91	TR City of London	Touche, Remnant	69	5.6	92	88	9	–	3	101	225
71	Temple Bar	Electra House Group	99	6.1	123	96	4	–	–	95	220
	CAPITAL GROWTH										
	General										
193	Anglo-American Securities	Morgan Grenfell	248	3.1	328	40	27	24	9	106	249
51	Ashdown	Schroder Wagg	344	2.9	464	53	29	12	6	91	242
7	Atlanta Inv. Trust (q)	Atlanta Fund Mgrs.	117	1.3	136	96□	–	–	4	97	†
139	Atlantic Assets	Ivory & Sime	84	0.5	112	34□	60	–	6	83	328
100	Edinburgh Amer. Assets	Ivory & Sime	168	0.7	208	12	79	5	4	112	275
57	Electric & General	Henderson	225	2.0	308	51	33	11	5	102	284
47	General Funds (q)	City Financial	482	2.7	650	42	16	38	4	104	254
20	Greenfriar	Henderson	208	0.9	245	50	22	13	15	98	351
45	'Investing in Success' (q)	City Financial	475	1.6	619	39	14	44	3	110	263
133	Merchants	Kleinwort Benson	78	4.4	112	47	35	11	7□	101	240
5	Personal Assets (q)	Ivory & Sime	30	–	31	65□	35	–	–	63	†
220	Scottish Eastern	Martin Currie	134	3.6	188	56	15	25	4	116	223
	International										
73	Berry	GT Management	161	0.8	185	49	23	13	15	119	387
57	Bishopsgate	Hambros Bank	155	3.2	210	55	33	10	2	111	227
91	English & New York	Kleinwort Benson	78	4.2	109	37	45	9	9	103	221
67	English & Scottish	Gartmore	126	2.4*	161	42	28	19	11	105	291
10	F & C Eurotrust	Foreign & Colonial	115	1.9	116	9	–	–	91	105	185
168	Fleming Overseas	Robert Fleming	272	3.7	378	16	36	32	16	90	232
74	Fleming Universal	Robert Fleming	246	3.9	337	44	30	16	10	100	215
59	Gartmore Info. & Fin. Trust	Gartmore	111	2.8	132	46	44	6	4	115	249
23	Group Investors	C S Investments	205	2.4	280	49	47	4	–	99	310
†	Hambros	Hambros Bank	126	3.9	†	†	†	†	†	†	†
173	Investors Capital Trust	Independently managed	184	2.7	249	32	37	20	11	93	232
16	London & Gartmore	Gartmore	254	0.8	298	22	56	6	16	100	294
8	Mid Wynd International	Baillie, Gifford	132	2.1	151	11	30	38□	26	97	†
153	Monks	Baillie, Gifford	138	2.5	181	28	34	34	4	100	274
170	Murray Clydesdale	Murray Johnstone	77	2.6*	105	34	41□	20	5	99	239
40	Murray Glendevon	Murray Johnstone	253	1.8	322	39	13	29□	19□	98	243
64	Murray Northern	Murray Johnstone	153	1.9*	187	20	8	35□	37	105	242
186	Murray Western	Murray Johnstone	94	3.2*	132	31	46□	18□	5	91	237
61	North Atlantic Securities	Morgan Grenfell	240	1.8	311	–	54	37	9	99	254
25	Northern Securities	GT Management	437	1.6	545	57	19	9	15	117	305
87	Romney	Lazard Brothers	216	2.9	290	28	31	28	13	103	239
277	Scottish Investment Trust	Independently managed	219	3.1	306	34	30	22	14	100	231
86	Trans-Oceanic	Schroder Wagg	137	3.1	187	45□	40	12	3	97	235
64	Tribune	Baring Brothers	91	2.9	124	36	39	16	9	92	236
182	U.S. Debenture Corp.	GT Management	170	5.5	224	55	28	12	5	122	208
	North America										
113	American	Edinburgh Fund Mgrs.	94	3.8*	133	29	71	–	–	97	230
100	Fleming American	Robert Fleming	352	1.7	472	3	96	–	1	92	198
121	Stockholders	John Govett	98	2.8	134	22	73	1	4	97	195
67	TR North America	Touche, Remnant	139	3.2	183	7	93	–	–	105	220
	Far East										
24	Drayton Far Eastern	Montagu Inv. Man.	123	1.0	141	3	1	60	36	99	†
172	Fleming Far Eastern	Robert Fleming	301	0.7	332	2	–	71	27	93	295
149	Lake View	John Govett	273	2.2	323	18	4	56	22	100	242
6	New Australia	Edinburgh Fund Mgrs.	101	2.1	114	–	–	–	100	123	†
34	TR Australia	Touche, Remnant	98	2.7	119	11	–	–	89	103	236
106	TR Pacific Basin	Touche, Remnant	255	1.1	299	7	1	73	14	101	274
	Japan										
28	Baillie Gifford Japan	Baillie, Gifford	266	0.1	280	–	–	100	–	91	†
58	Crescent Japan	Edinburgh Fund Mgrs.	151ac	0.3	156ac	–	–	100	–	100	371
152	Drayton Japan	Montagu Inv. Man.	379	1.1	441	2	2	90	6	106	†
82	Fleming Japanese	Robert Fleming	476	0.5*	531	2	–	98	–	98	314
49	GT Japan	GT Management	148	1.1	159	3□	3	91	3	98	395
19	Japan Assets	Ivory & Sime	55	0.1	62	–	–	100	–	89	†
33	New Tokyo	Edinburgh Fund Mgrs.	313	–	327	–	–	100	–	96	†
	Commodities & Energy										
6●	City & Foreign	Montagu Inv. Man.	99	–	143	9	91	–	–	96	†
10	New Darien	Hodgson Martin	67	0.6	89	13	72	–	15	112	†
31●	North Sea Assets (q)	Ivory & Sime	124	3.5	171	68□	32	–	–	96	†
17	Precious Metals	J. Rothschild	121	0.6	146	26□	43	1	30	90	†
101	TR Natural Resources	Touche, Remnant	247	4.3	333	23	41	1	35	103	203
49	Viking Resources	Ivory & Sime	89	1.6	121	33□	66	–	1	107	269
15	Wemyss	Edinburgh Fund Mgrs.	495	5.8	645	39	31	–	30	91	193
27	Winterbottom Energy	Baillie, Gifford	85	1.3	106	5□	93	–	2	95	185
	Technology										
60	British American & Gen.	Kleinwort Benson	87	4.3	110	47	38	10	5	102	209
74	Fleming Technology	Robert Fleming	135	2.3	187	45	28	21	6	96	258
75	Independent	Ivory & Sime	230	0.3	266	22□	69	–	9	93	†
261	TR Technology	Touche, Remnant	158	3.0	221	35	38	23	4	107	244
	INCOME GROWTH										
206	British Assets	Ivory & Sime	153	4.9	211	42	56	–	2	99	234
18	Lowland	Henderson	207	4.0	227	89	5	2	4	99	333
103	Murray Caledonian	Murray Johnstone	100	6.3*	116	75	5□	11□	9	94	268
	SMALLER COMPANIES										
33	Dundee & London (q)	Tay & Thames Inv. Serv.	158	3.9	197	67	18	14	1	98	229
35	English & International	Montagu Inv. Man.	211	4.2	288	67	14	11	8	102	239
55	F & C Alliance	Foreign & Colonial	81	2.8	106	56	21	17	6	114	284
10	Family	Kleinwort Benson	182	5.2	231	94	3	–	3	99	226
9	First Charlotte (q)	Ivory & Sime	12	0.6	12	80	20	–	–	90	†
17	Fleming Fledgeling	Robert Fleming	104	3.1	133	74	20	4	2	101	287
30	General Scottish	Edinburgh Fund Mgrs.	118	3.8	147	57	31	12	–	95	265
24	General Stockholders	John Govett	116	2.8	160	35	55	5	5	98	194
42	Glasgow Stockholders	Gartmore (Scotland)	90	2.9	114	45	44	2	9	99	242
22	London Atlantic	Investors in Industry	140	5.4	186	64	16	–	20	94	206
16	London Prudential	Kleinwort Benson	210	3.7	244	63	20	12	5	91	231
13	Moorgate	Philip Hill	248	5.4	283	73	25	–	2	93	268
14	North British Canadian	Investors in Industry	163	5.0	214	90	3	–	7	101	211
25	Safeguard (q)	London & Yorkshire	180	5.2	227	100	–	–	–	99	229
41	St Andrew	Martin Currie	267	3.7	352	66	18	14	2	98	227
154	Scottish American	Stewart Fund Managers	198	3.5	270	45	35	12	8	98	247
145	TR Trustees Corp.	Touche, Remnant	118	4.2	156	64	27	6	3	105	226
152	Throgmorton	Throgmorton Inv. Man.	188	4.9	230	84	12	2	2	106	226
	SPECIAL FEATURES										
52	Ailsa	J. Rothschild	77	2.4	101	46	28	18	10	99	†
11	Consolidated Venture	Montagu Inv. Man.	102	1.2	110	44□	56	–	–	56	†
134●	Drayton Consolidated	Montagu Inv. Man.	286	4.2	385	60	23	9	8	95	204
25	Edinburgh Financial (q)	Stanecastle Assets	53	1.6	47	83□	7	3	7	153	†
27●	Fleming Enterprise	Robert Fleming	218	4.7	270	100	–	–	–	97	240
237	Fleming Mercantile	Robert Fleming	102	3.9	149	49	29	10	12	99	257
14	GT Global Recovery	GT Management	92	5.4	118	65	17	10	8	110	†
64	General Investors	Foreign & Colonial	165	3.3	186	44	17	16	23	96	†
†	London Trust	London Trust Man. Serv.	85	6.3	†	†	†	†	†	†	†
8	Stewart Enterprise	Stewart Fund Managers	36	1.6	51	39	30	17	14	96	†
73	TR Property	Touche, Remnant	122	3.3	159	74	12	3	11	101	204
	SPLIT CAPITAL (z)										
13	Altifund	Gartmore	367	0.1	479	95	–	2	3	112	291
2	Child Health Research	GT Management	283	–	316	53	20	14	13	118	†
30	City & Commercial	Montagu Inv. Man.	457	–	696	90	4	6	1	118	†
26	Dualvest	Montagu Inv. Man.	822	–	1085	93	6	1	–	117	230
24	Fundinvest	Montagu Inv. Man.	224	–	325	89	6	6	1	113	253
2	Marine Adventure Sailing	G T Management	182	–	205	55	20	12	13	119	†
†	New Throgmorton (1983)	Throgmorton Inv. Man.	27	–	†	†	†	†	†	†	†
24	Save & Prosper Linked	Save & Prosper Group	167	–	387	100	–	–	–	129	194
18	Throgmorton Sec'd Growth	Throgmorton Inv. Man.	252	–	322	100	–	–	–	†	149
70	Triplevest	Montagu Inv. Man.	530	–	925	91	5	3	1	125	†

NOTES TO THE TABLE

† No data.
‡ Applies to Ordinary/"A" Ordinary only.
a Does not include special dividend.
□ More than one quarter in non-equity investments.
(z) Capital shares.
● More than 20% in securities or other assets included at director's valuation.
sc Adjusted for scrip issue.
ar Adjusted for rights issue.
(q) Published quarterly.

(a) Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

(b) Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money'.

INDICES OF FIVE YEAR TOTAL RETURN

÷ Investment Trust Average	246
F.T.–Actuaries All Share	241
* Standard & Poors Composite	210
Tokyo New Share Exchange	213
Capital International World	198

÷ Excludes split capital.
* Adjusted for exchange rate changes.

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, FREEPOST, London EC2B 2JJ. Tel: 01-588 5347.

The Association of Investment Trust Companies
AITC

FINANCIAL TIMES SURVEY

Saturday April 28 1984

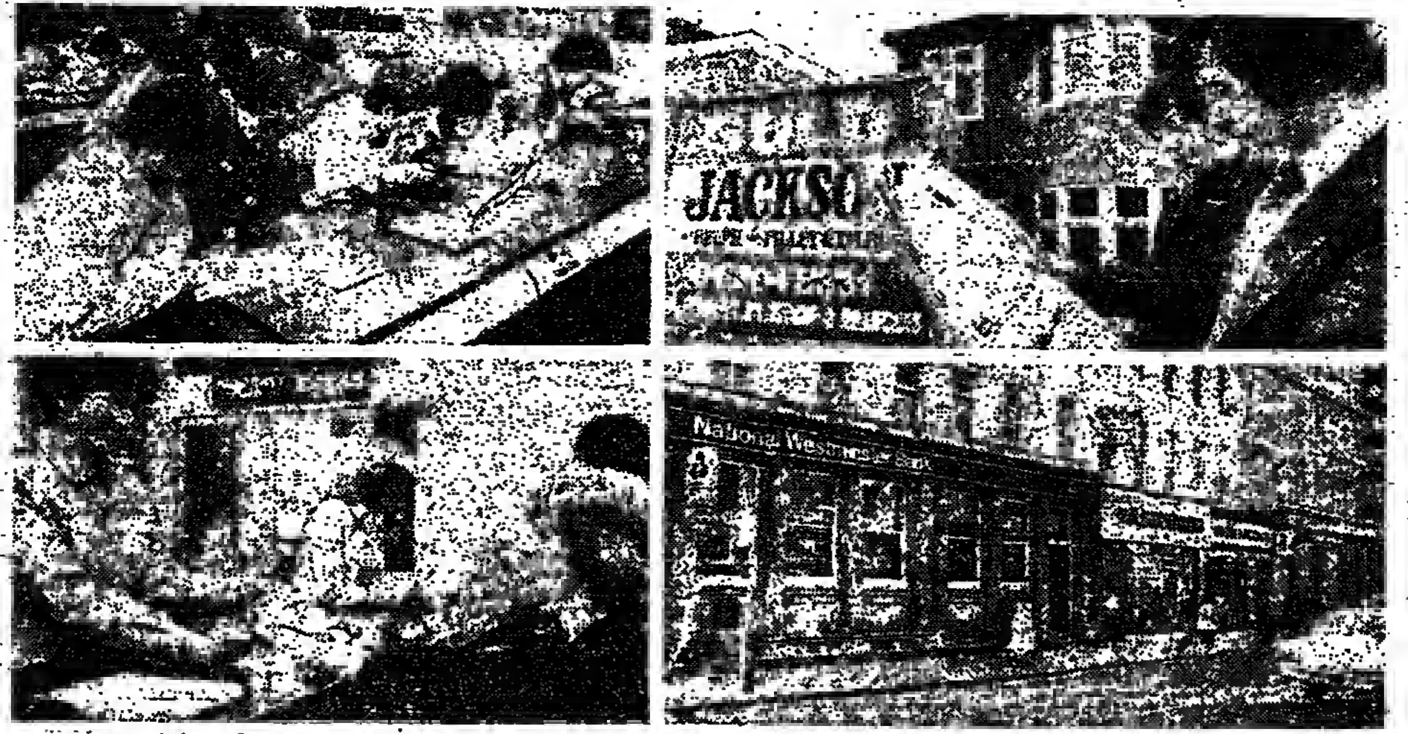
Traditional prescriptions on how to organise personal finances are changing quickly. One new development is the emergence of the one-stop 'financial supermarket' which combines all types of basic financial services under one roof.

CONTENTS

Personal Financial Planning

Conventional schemes upset by reforms

By CLIVE WOLMAN



● All change: conventional assumptions for many areas of personal financial planning—from private school fees to house-buying—are changing quickly. There is also a converging of services offered by the high street banks and building societies

OVER the past year, many of the conventional assumptions about how you should organise your personal financial affairs have been upset by reforms that have already taken place or are expected to be made over the next two or three years.

Even as little as 12 months ago the standard set of prescriptions to someone seeking advice about running their financial affairs would have looked something like this:

For chequing facilities and immediate access to cash: use a high street clearing bank account.

For other short-term savings: use a building society account.

For longer-term savings for retirement: rely on your occupational pension scheme, where possible, and if the value of that pension has been eroded because you have changed jobs several times, then arrange to make additional voluntary contributions to your pension scheme.

For a regular savings plan over five to 10 years: use a life assurance-linked maximum investment plan where the life cover has been stripped down to the barest minimum. For maximum tax efficiency, cash in after four years (for basic-rate taxpayers) or 7½ years (for higher-rate taxpayers).

For more speculative investments: if you believe that the stock market is going to rise, invest in one or more unit trusts or investment trusts.

Fringe benefits: these are becoming increasingly unattractive from a tax point of view.

Housing: to finance a house purchase, take out the highest possible mortgage, linked to an endowment policy.

Today, however, every one of those pieces of advice would have to be modified or qualified. For banking and building society accounts there have been two important developments over the past few months.

One has been the emergence of the one-stop "financial supermarket" which combines all the basic financial services you are likely to require under one roof. So far there is no UK institution which offers the same comprehensive range of services as do the big financial service corporations in the U.S. But two services launched in October and February by Allied Hambro and Save and Prosper mark an important advance.

The Allied Hambro Financial Management Programme is the wider-ranging and more expensive of the two as it includes the administration of shares and unit trusts. But both services share the following features:

● All the conventional chequing and current account facilities.

● The automatic payment of interest at a rate close to that in the wholesale money markets on positive balances (at least those over £1,000).

● Automatic overdraft facilities at relatively low interest rates.

● The use of a credit card directly accessing the account.

The other development which has a similar effect has been the growing link between banks and building societies. Larger balances can be transferred automatically from a clearing bank current account to an interest-paying building society account.

As to savings for retirement, the earnings-related occupational pension scheme is currently being subjected to Government scrutiny and legislation reforming the structure is expected in the next Parliamentary session.

This is likely to encourage the growth of "portable pension schemes" in which the employee builds up pension rights over the course of his working life which he can carry with him whenever he changes jobs.

A few prototypes of such schemes have been launched over the last year. But their applicability has generally been limited to those outside the occupational pension plans of the public or private sector.

Such reforms will prod the individual into managing his investments more directly or at least into making more decisions about the type of investment medium he should use.

The Government's decision, announced in the Budget, to abolish life assurance premium relief is intended to have the same effect. The ending of this 17.65 per cent top-up subsidy on premiums for qualifying life policies, even when the actuarial value of the life cover provided was negligible, has made any form of savings through a life policy unattractive at least for basic-rate taxpayers.

It is possible, however, that those paying tax at the highest rates may still find a qualifying life policy a useful tax shelter.

Although other such available shelters where the tax advantages are greater, are many, so are the risks, in particular the Business Expansion Scheme. This grants tax relief at the individual's top marginal rate for investments in the newly-issued shares of unquoted companies.

It has been widely assumed that one of the main beneficiaries of the abolition of the life assurance tax subsidy will be unit trusts, particularly those that have longer-term savings plans.

The unit trusts have, in any event, enjoyed a successful year on the back of rising equity markets around the globe. Investors who withdrew their money to cut their losses in the slump of the mid-1970s have been returning. New trusts are being launched at the rate of more than one a week taking the total above 650.

The range of different trusts on offer has become mind-boggling. There is a global healthcare trust, two trusts investing in the leisure sector, three trusts investing in Singapore and Malaysia, not to mention trusts specialising in Japanese smaller companies or Norway and Finland.

Trusts specialising in the UK stock market, however, face a threat in the form of options and futures contracts on the UK stock market index, the FTSE 100, which are due to be launched next week (May 3).

In the U.S. such secondary contracts on the stock market have prove remarkably successful over the past two years, particularly among small investors. Whether they will be perceived as a cheaper alternative to unit trusts among those wishing to gain exposure to the fluctuations of the UK stock market depends on how well they are promoted and marketed.

Buying options or futures will ensure you a profit or loss more or less precisely in line with that of the stock market in general, and no better or worse.

But as the average UK unit trust has given a lower return than the stock market in general over the last five years, these secondary contracts may be more attractive. The associated costs of buying such contracts are much less than unit trust management fees.

Of necessity, little sensible advice to do with personal financial planning ought to concern tipping the type of investment likely to give you above-average returns. It would be fatuous to say that now is the time to invest in, say, the Japanese stock market because the yen looks set to rise — or that now is the time to pull your money out of Japan because share prices there are too high in relation to profits.

The trouble is that there are too many professionals who spend all their working weeks trying to spot shares, bonds or currencies which are undervalued or over-valued. If you only have a limited amount of time to spare for your financial affairs there is not much point spending it on trying to out-guess the professionals.

Unless you have the instinct of a gambler and enjoy the excitement of speculation, your time would be spent more productively in reducing your risks by diversifying your investments between a wide range of assets — and on tax-planning.

Since the Chancellor announced a programme of "radical tax reform" in his Budget last month, there has been a lot of talk of introducing "fiscal neutrality" into the field of savings and investment.

This would mean that individuals should be able to consider how to invest their money without working out the tax consequences of each separate decision as these will be more or less the same in all cases.

As the independent "think tank" the Institute for Fiscal Studies has shown, Mr Lawson has done no more than tinker with the system, removing a few anomalies here but adding a few complexities there. The taxation of savings remains as arbitrary complicated and illogical as ever — and the day when articles on personal finance can consign a discussion of the tax implications to a brief footnote remains as far away as ever.

A guide to tax planning

For that reason much of this survey is concerned with tax and planning to avoid tax or to claim tax relief.

In some ways the Budget has increased the fiscal distortions. For example, the trend under the previous Chancellor, Sir Geoffrey Howe, to encourage the payment of "clean" salaries by taxing perks as heavily as they deserve appears to have been reversed.

The use of company cars, particularly second cars and the petrol in them, will remain lightly taxed, while perks in the form of share options (on your employer's equity) have been granted extra tax privileges.

The most important tax break of all, the tax relief on mortgages up to £30,000, remains untouched. But it now seems unlikely that the £30,000 ceiling will be raised again, at least in the foreseeable future; and with real interest rates (interest minus inflation) at record levels, it no longer makes sense to borrow much more than £30,000 to buy a house unless you have no alternative.

Many pitfalls for the unwary investor

Financial advice

ERIC SHORT

INDIVIDUALS SEEKING advice on their financial affairs will find a variety of sources and persons offering their services, with a varying degree of expertise and with a wide range of charges, direct or hidden.

Advice comes in all shapes and sizes, ranging from the counter clerk in the local building society branch who will explain the various savings schemes as part of the service, to the comprehensive portfolio management service from a merchant bank operating on a fee basis, based on the value of the portfolio.

Individuals looking for or using a particular type of service need to know where to go, to understand what type of service is likely to be offered, how comprehensive is that service and what it will cost.

An understanding of the type of service provided is essential if individuals are to get the best, unbiased service. Such advice can only be given if the adviser has the full facts concerning the investor, particularly his tax status.

So investors can form some opinion of the depth of advice given. The type of adviser will often determine the style of advice provided. A stockbroker will concern himself primarily with advice on a share portfolio.

The customer's tax status

Take the example of a building society counter clerk. As part of the service to customers, she will explain the various savings schemes on offer by the society she works for. But she will not usually enquire about the customer's tax status and thus will not advise an elderly client who does not pay tax that the National Savings Bank investment account is a better investment.

The building society clerk will give good advice within the parameters under which she operates. But it will not be the best advice or even unbiased advice in every case, simply because it will relate to building society products.

The problems of identification are much greater where the adviser is an insurance intermediary or a financial planner. In almost all cases his remuneration will be on a commission paid by the life company whose products he sells. This has two important implications.

First, the intermediary is under pressure to sell the contract which yields the highest commission per unit premium.

Secondly, because the client pays the premium to the life company and nothing directly to the intermediary, the client all too often thinks he is getting a free service. He does not realise that he is paying the intermediary indirectly, with the life company recouping the commission from the premiums paid.

If the intermediary is a direct salesman from a particular life company, then the investor should appreciate that he will only be sold the contracts of that life company. The contracts recommended may not be the best on the market, but the salesman cannot be expected to sell the contracts of another company.

But there is a more potentially dangerous situation. The salesman seeking commission may not offer the best contract to meet the particular needs of the client at that time. A young married couple with small children should be sold term assurance, where the commission is low, before a higher commission paying savings product.

The agent is very unlikely to recommend a savings product that is not a life company contract, such as a National Savings Certificate or investment in a building society.

If the intermediary is a registered insurance broker, then the code of conduct set out in Regulations to the Insurance Brokers (Registration) Act 1977, imposes a legal requirement for him to put his client's interests above all others, even if this means recommending a product other than a life contract or a unit trust.

The problem here is that in considering alternative investment contracts, the choice is never clear cut between black and white. There are pros and cons between the alternatives so that the adviser has to weigh up his choice in the light of his client's circumstances and requirements.

For example, a single premium personal pension contract may be considered a better immediate proposition for a self-employed client than an annual premium one. However, the annual premium plan does impose a financial discipline on the client to invest regularly, whereas with a single premium contract the client has to seek advice every year. The adviser has to take such factors into account in making his recommendation.

The problem is that all too often intermediaries give undue emphasis on the plus factors for recommending a contract which pays higher commission. Some sincerely believe that an annual premium contract is best for their client because of the financial discipline and claim that the commission aspect does not influence their decision.

Conditions always changing

A registered insurance broker should recommend the best contract on the market for his client and not restrict himself to one or two life companies. But investors need to remember that there are over 80 life companies operating in the market and conditions are constantly changing.

A broker could be regarded as fulfilling his duty if he recommends those life companies that are consistently good rather than try to find out which life company is best at a particular moment.

Unfortunately, many independent insurance intermediaries have not registered as insurance brokers. While the majority of unregistered intermediaries do offer a reasonable service, free from bias, they do not have the legal code of conduct imposed on them, neither is there an official channel of complaint. Prof Jim Gower, in his Review of Investor Protection, has stated his concern on this gap.

The recent development of the tied agent is causing concern and confusion among life companies and brokers. This type of agent may well be regarded as independent by the public, but he will be placing the majority of his business with the life company to which he is tied.

There has been strong growth in recent years of advisers in unit trust management, operating on behalf of clients a unit trust portfolio akin to that of stocks and shares.

Recent Finance Acts and now recent ending of Life Assurance Premium Relief has given unit trusts a tax edge over linked-life bonds as far as basic rate taxpayers are concerned. But it could be different for higher rate taxpayers. There are pros and cons for direct investment in unit trusts and in linked-life assurance. Investors should check that their advisers deal in both types and do not confine themselves to one or the other.

The temptation to commission-hunt could be removed simply by ending the system and reverting to a fee paying system. Prof Gower, in his initial thoughts on Investor Protection held this opinion. But again this is not a question of black and white as he came to realise. A commission system enables the initial costs of advice to be spread over a period, thus easing the burden on the client compared with paying fees at outset.

Cross subsidy between clients

There is considerable cross-subsidy between clients under a commissions system. This ought to condemn it, until one realises that it does enable the adviser to discuss a client's problems and explain fully his recommendations without worrying about time and the size of bill being run up for his client to pay. Certain major insurance broking firms do offer their clients a choice of commission or fees, with any commission received used to offset fees. The majority of clients take the commission system.

Prof Gower reluctantly accepted the commission system of renumeration in his Review, published in January. But he did feel that intermediaries should disclose commission payments to clients if asked—registered insurance brokers are legally obliged to do this.

However, Prof Gower could not accept the complete lack of control on persons giving investment advice and he singled out for special attention life assurance and unit trusts.

At present, anyone can set up as a financial adviser without any check on his expertise, financial status, integrity or suitability for the job. Prof Gower is concerned about investors losing their money from the incompetent, as well as from the dishonest "adviser."

All the Registration Act does is to prevent the incompetent or the dishonest person from trading as insurance brokers. It does not prevent them trading under another name, such as insurance consultant.

The life companies and the Life Insurance Association are discussing plans for a licensing system of all life intermediaries—a move which has the backing of Prof Gower. They envisage a self-regulatory system. But unless it has statutory backing with outside persons involved—as with the Insurance Brokers Registration Council — then there is a danger that the licensing system could have inadequate standards and be open to abuse.

Bank and building society services are merging

Saving and borrowing

ERIC SHORT

AN OBSERVER of the UK personal financial scene will have noticed a steady expansion over the past few years in the range of savings schemes and borrowing facilities available to the individual.

He will have noted that this expansion has been achieved in two ways. First, the major financial institutions have been extending their range of traditional services and products. Second, there has been a convergence in the various services offered by the different institutions.

The dividing lines between the banks, building societies and even the life assurance companies, which at one time were sharp and distinct, have now become blurred. Competition between the institutions has grown considerably over the past decade. The institutions have been competing for the savings of the public and for the borrowing requirements of individuals.

This competition has seen the institutions cross their own traditional boundaries into areas that were regarded as the preserve of others, marketing products that were similar to those of the competition.

The classic example in this change was the move by the clearing banks into the house mortgage market in a big way. On the face of it such a move would appear to be a direct and major challenge to the building societies. But the expansion of the house mortgage market has been able to absorb this fresh lending capacity without causing undue strain.

It is only the present building society legislation that has prevented the societies from competing with the banks on the latter's home ground in offering personal loan facilities direct. The Spalding report on the future of building societies recommended such an expansion of building society activities into these areas.

The other major area of competition between the banks and the building societies has been in savings schemes, where the building societies have the edge because of their composite rate tax. The institutions have designed a variety of schemes aimed at the general saver and at particular groups of investors.

Special schemes for children

One example of the latter development has been the special schemes aimed at children, on the premise that if you can attract them young you have them for life.

Many people are using building societies for clearing bank services, particularly as building society branches are open on Saturday mornings. Barclays Bank has now reopened a few hundred of its major branches on Saturday morning to meet this competition, despite opposition from the banking trade unions. The other clearers, however, have not followed this lead set by Barclays.

The growing use of automatic cash dispensers is making the need for a cash till service obsolete. Building societies in order to keep pace with this 24-hour cash service have been linking up with banking institutions so that their depositors can have this cash dispensing facility.

Indeed, the observer of the UK financial scene will also have noticed over the past decade the somewhat paradoxical situation that side-by-side with the competition between the institutions there has been growing co-operation between them, with new links established so as to expand areas of operation.

The building societies, prevented by legislation from competing for personal lending and offering consumer credit, have been linking up with banking institutions, mainly UK operations of overseas banks.

The UK financial sector is in the throes of a massive expansion of consumer credit services, using a variety of credit cards—the plastic era.

The building societies cannot afford to stand on the sidelines waiting for the proposed new legislation which would enable them to compete, so they have linked up with banks which can offer this type of service. Leicester Building Society has been a pioneer in the field, even linking up with the Post Office.

A paradoxical situation

Thus, linking between institutions confers advantages on both of them, a somewhat paradoxical situation since they are essentially competitors. The building society is able to offer its depositors access to up-to-date banking facilities. The banking institution, on its part, gets access to a large pool of potential customers to whom it can market its lending and credit facilities and other services.

The observer will also have seen how there has been considerable development in the links between life companies and banks and between life companies and building societies.

For decades most life companies have avoided becoming strongly involved in direct mortgage lending. Until recently, it was the home service insurance companies only with strong agency field forces that offered full blown first mortgage facilities to existing policyholders.

The main reasons for this avoidance of the mortgage market by life companies are that the yields are lower than on comparable gilts and it is administratively clumsy. The advantage of mortgage business to life companies is that they can insist on the mortgage being repaid with an endowment contract, thus boosting their new business.

So a few years ago, in an era of mortgage stringency, life companies entered the top-up mortgage market, linking up with various building societies.

Under this arrangement, the life company provides the money for an additional mortgage on top of the amount that the building society is prepared to lend. But the condition for the granting of the top-up is that the whole mortgage—the main one as well as the top-up—must be repaid by an endowment contract from the life company.

The life company thus boosts its new life business in this link-up. The gearing involved in getting a life contract for the full mortgage offsets the lower yield on its investment. There is little administration, this being handled by the building society. On its part, the building society receives the commission on the endowment contract.

Indeed, many life companies have avoided administration altogether in the top-up mortgage facility by by simply making available to building societies a certain amount of money for these mortgages and leaving it entirely to the building society to manage.

Some life companies have also avoided losing yield on their life funds by simply borrowing the top-up money from the clearing banks and on-lending it to the building societies—a truly paradoxical situation. The life companies are able to negotiate a slightly lower interest rate from the banks than is paid on the top-up mortgage. The differential covers their administration costs.

These link-ups between life companies and building societies flourished last year with the changeover to the new system of crediting tax relief on mortgage interest known as MIRAS. Building societies arranged with a panel of selected life companies to offer special terms to their existing borrowers to change to the endowment mortgage method of repayment.

The building societies were able to persuade the life companies to accept proposals without any medical underwriting as one of the special terms.

The observer will have noticed the growth over the past few years in the use of pension contracts for mortgages and other lending facilities. Although personal and executive pension contracts cannot be pledged as security, loan schemes have been designed based on pension contracts.

The general theme of the loan-back is that the mortgage or loan is secured on the house or some other form of asset. Interest only is paid during the term of the loan. At retirement the loan is repaid from the tax-free cash commutation on the pension policy.

There are essentially two versions of this scheme. Life companies will lend out of their own funds up to the value of the personal pension policy—essentially a service to longer standing policyholders.

Under the other version, the life company has linked with a bank for the bank to lend a multiple of the annual premium on the pension policy, such as 15 or 21 times the premium. This is a facility for new borrowers who take out the policy at the same time as arranging the loan.

The loss of LAPR is boosting the use of pension mortgages, and is likely to stimulate the top-up mortgage market.

PERSONAL FINANCIAL PLANNING III

How to make marriage less taxing

Getting married

DAVID COHEN

MARRIAGE is one of the tax disasters of life in the UK. The advantages of living in sin over wedded bliss have been fully and exhaustively chronicled. The aim of this article is to look at the tax savings which can still be salvaged in the year of marriage before the system finally catches up with the change in the couple's status.

The opportunity for saving arises in part because, in several respects, tax law does not treat a couple as married until the end of the fiscal year in which their marriage takes place.

This means that if there is a clear discrepancy in wealth and earnings between the spouses, it will be worth while for the better off partner to unload potentially highly taxed income and capital gains on to the poorer partner who will hava the benefit of exemptions and lower rates of tax.

Suppose, for example, that Richard, a hypothetical young man with a certain amount of capital and a good salary, marries Portia, a penniless student.

Richard's aggregate of earned and investment income makes him liable to income tax at a marginal rate of 50 per cent. Portia has no taxable income at all. Throughout the financial year in which the marriage takes place, Portia will continue to be treated as a single person for income tax purposes. This means that her single person's allowance of £2,005 will be available for off-set in respect of both pre- and post-marriage income.

Hence, it would be in the couple's interests for Richard to divert some of his investment income to Portia—at least sufficient to absorb her allowance. If he has some relatively liquid capital, then the easiest way for him to generate income for Portia will he to make her an interest-free loan on which she can earn interest. The first £2,005 of interest will he tax free. In Richard's hands it would have borne tax of £1,002.50.

It would even be worthwhile for Richard to generate further income for Portia on which she will still he paying only 30 per cent tax as against his 50 per cent. Of course, at midnight on April 5 following their marriage, the spell vanishes and all Portia's investment income is henceforth aggregated with Richard's.

It is theoretically possible that the Revenue might try to ignore the diveralon of income to Portia and to tax it as if it had actually been received hy Richard. The Revenue argument would rest on an anti-avoidance provision of the Income and Corporation Taxes Act 1970 which is designed to cancel dispositions of income for a period which cannot exceed six years.

Paying for the new home

"Disposition" is defined as including any trust, covenant, agreement or arrangement. If Richard has diverted income to Portia while retaining ownership of the capital, then thera appears to he a danger that this provision would apply, though, in practice, the amount of tax saved is likely to be small enough to avoid provoking the Revenue.

Having saved themselves at least £1,000 of income tax, our young couple now turn their minds to capital gains tax. Richard has a substantial share portfolio and has already used up his annual exemption of £5,600. He will, therefore, pay 30 per cent capital gains tax on any further gains which he realises. Portia has made no gains at all.

Richard has decided to sell some shares to help pay for the couple's first home. If he makes a further £5,600 of gains, he will pay CGT of £1,680. But if he can arrange matters so that Portia makes the gains, they will all fall within her annual exemption and there will he no tax at all to pay.

Portia's annual exemption is available for gains made at any time during the year of marriage—whether before or after the marriage. As with income tax, she continues to be treated as an independent tax person until April 6 following marriage. Thereafter, she and Richard will have to share a single CGT exemption.

To utilise Portia's exemption, Richard must transfer shares—or other assets — to her which she can then sell. If the transfer takes place prior to the marriage then the couple must make a joint "hold over" election undar Section 79 of the Finance Act 1980. The effect of this will be that Richard will avoid CGT on his gift to Portia and Portia will be deemed to have acquired tha shares at the price which Richard originally paid for them.

If the transfer takes place after the marriage, then there is no need to make a Section 79 election hecausa the same effect is achieved automatically by Section 44 of the Capital Gains Tax Act 1979 which governs inter-spouse transfers.

So far, so good; and £1,680 of CGT appears to have been safaly avoided. The only possible snag is the recent anti-avoidance decision of the House of Lords in *Furniss v. Dawson.* If the Revenue could show that the gift by Richard to Portia and the sale by Portia were a pre-arranged pair of transactions and that Richard's only motive for not selling the shares himself was to avoid tax, then the case would seem to be on all fours with *Furniss v. Dawson.*

Suppose that the Revenue did take this tack — and the extent to which they will seek to rely on *Furniss* is still far from clear — the couple's chances of successful resistance will be considerably enhanced if Portia held the shares for at least a few days before selling them.

A question of timing

From an income tax and CGT point of view, Portia's income and gain can he generated at any stage of the tax year during which the marriage takes place. But it may he important, hecause of other factors, for Richard to decide whether to act before or after the marriage.

One such factor is stamp duty, chargeable on shares and other marketable securities at a rate of 1 per cent of market value. A transfer made on and in consideration of marriage to a party to the marriage is only liable to fixed duty of 50p. But this does not apply to a transfer between husband and wife after the marriage has taken place unless the transfer is pursuant to an ante-nuptial contract. Nor is there any general stamp duty exemption for inter-spouse transfers.

This means that if Richard gives shares to Portia after the marriage, there will he a double stamp duty liability, first, on the gift, and then on the sale by Portia. But the amount of duty involved is likely to be relatively small, since it is assumed that Richard will only give Portia enough shares to enable her to make her £5,600 of capital gains.

Richard and Portia are wholly fictitious characters and any resemblance to any living persons is entirely coincidental.

The great British perk is alive and well

Fringe benefits

TERRY GARRETT

EXECUTIVES' FRINGE BENEFITS

Percentage of managers receiving:	1978	1983
Life assurance	89.1	93.7
Company car or car allowance	75.7	82.6
Subsidised lunches	68.6	67.4
Free medical insurance	44.1	64.7
Bonus	37.1	36.4
Share option or purchase schemes	9.4	31.2
"Top Hat" pensions	15.6	23.6
Low-interest loans	9.6	8.5
Assistance with house purchase	8.0	8.2
Subsidised housing	1.0	0.9

Source: Inbucon Management Consultants.

DESPITE THE prolonged recession and a Conservative Government which has made plain its dislike of fringe benefits, the "great British perk" is alive and thriving throughout management up and down the country. Its continued survival is partly based soundly on the need to remunerate senior staff in the most tax efficient way possible and partly on the very British concept of an overall "package."

Shunning the American attitude of rewarding executives with high salaries with which they buy their own cars and provide their own "extras" to improve the quality of life, British management is entrenched in a system of a basic salary plus a string of fringe benefits to top up the overall remuneration package.

Although changes in the trend of fringe benefits move slowly, the accompanying table from Inbucon Management Consultants' annual survey of executive remuneration gives clear evidence that fringe benefits are growing, rather than shrinking, despite the Government's verbal attack on them.

The Inland Revenue set the scene in 1979, when it spearheaded an attack on perks by singling out the company car in a consultative document. Apart from life assurance, company cars are the biggest single perk and perhaps the most blatant of perks in many cases.

According to Inbucon's survey of more than 6,300 executives from 614 companies, full use of a company car or a car allowance was being enjoyed by 82.6 per cent of executives, a figure which has grown from 75.7 per cent five years ago. Virtually every managing director or general manager interviewed had full use of a company car. Along with associated free fuel, benefits car benefits probably account for four-fifths of the total value of fringe benefits.

Sir Geoffrey Howe, then Chancellor of the Exchequer, took up the Revenue's theme. In a speech he said: "Perks are an inefficient and often wasteful way of rewarding effort, and unjust. Some perks are taxed in full, others pay no tax on identical benefits. The whole chaos might almost have been designed to set people enviously against each other and so to bring our system into contempt."

He could not have been much more decisive in his statement and yet while the tax taken on company cars has been increased, the whole attack on perks has been a very muted affair.

The Institute of Directors and the Confederation of British Industry vigorously attacked any idea the authorities might have been harbouring about cutting off the tax advantages of driving a company car. The "car lobby" is, not surprisingly, a major force, and despite its strong words the Government has taken a gentle approach. After all, about 70 per cent of new car sales are company cars of one sort or another; and few MPs are happy to see another blow dealt to hard-pressed British manufacturers.

Another problem is that while the presence of the company car in an executive's remuneration package reduces the Exchequer's take, it is difficult to differentiate between those whose car really is a "tool of the trade" and those where the car is never used on business and is an obvious perk.

So the company car remains sacrosanct. As Mr David Kaye of GKR and Associates, one of the leading executive head-hunting firms, commented: "Senior executives ask what the salary is, then what is the bonus scheme, with the rest — car, pension scheme, life assurance and free medical cover — automatically assumed to be part of the package." Mr Nigel Bryant of Inbucon echoes the sentiment: "If a young accountant is not offered a car with a new job, he just switches off at the interview."

While cars may be the biggest single perk on the corporate list, share options and share purchase schemes are by far the most important growth area. As the table shows, the percentage of managers receiving some sort of share perk has increased dramatically in recent years from under 10 per cent to 31.2 per cent. The trend shows little signs of slowing.

In the last Budget Mr Nigel Lawson, the Chancellor, opened op the conditions for share option schemes to make them far more attractive to companies of all sizes. The Finance Bill, published at the end of March, contained the fine detail of the changes outlined in his Budget speech.

The main change is that the employee's tax position is drastically improved. Instead of an income-tax liability as soon as the option is exercised, even if there has not been as much as a penny profit, in the future "approved" schemes will result in the employee having a capital gains tax liability—but only when the shares are sold and there is a real profit. The new rules should be of particular help for small and medium-sized companies, where one of the traditional problems has been their ability to pay enough to attract key executives. The carrot of options can be more effectively used from now on.

The other major area of growth among the typical list of perks has been free medical cover. As the Inbucon figures show, the percentage of executives that particular extra benefit has grown from 44.1 per cent to 64.7 per cent over the last five years.

Annuities: a staple investment

Money Management

CHRISTINE STOPP

E THREE main preoccupaıs of the retired investor are ome, security and keeping e with inflation. A young sioner nowadays has a conerable life expectancy—the ear-old has a 50/50 chance surviving for another 14 rs—so provision for growth mportant.

Annuities are a staple retireınt investment with a tax nefit, since only the interest ment is liable for tax. Rates ctuate, so it is worth taking view on the prevailing trend fore tying up your capital: y are on an accelerating wntrend at present. Women's es are significantly worse an men's but even so an nuity can be an excellent urce of immediate income to e elderly investor.

The figures in the accompanyg table are the best available tes as at April 13 for a purase price of £10,000, with come payable half-yearly in rears. Though the income is aranteed for life, value for oney with an annuity is ankly a gamble unless you are epared to accept a reduced come in exchange for a arantee which will ensure at the annuity is paid for a ecified number of years, hether you survive or not.

Can annuities offer the possiility of keeping up with inflaon? A normal annuity of ourse offers no growth and the come does not change. A retired person who ties up most of his capital in an annuity early on will have little scope for increasing income in later years.

Only a handful of companies at present offer index-linking on purchased life annuities. National Employers Life quoted a gross annuity of £757 p.a. on a £10,000 purchase price for a man aged 65—almost exactly half the best rate on a level annuity without guarantee. With a capital content of £704.90 this would give a net annual income to the basic rate taxpayer of £741.37.

An alternative to index-linking is an escalating annuity, with a predetermined annual rate of increase. Taking the 5 per cent escalating annuity shown in the table, and again using the rates shown for a 65-year-old man, it will only be in the 14th year of the annuity's life that total income from the escalating option overtakes that from the level annuity.

After 10 years the escalating annuity would have produced a total of £12,035.84 compared to the level annuity's £13,065.80. After 15 years the figures are £20,683.04 (escalating) and £19,598.70 (level). Given the length of time the escalating annuity takes to catch up, the best strategy may be to put proportions of capital into level annuities as needed, investing the rest for growth. Proceeds of the growth investments can then be locked into a series of annuities as time goes on to give income at higher rates.

A £30,000 level annuity for a 75-year-old basic rate taxpayer could at present generate a net annual income of £3,926.38. If the same investor used £30,000 of the capital tied up in his home to provide income, the net spendable income would be £2,997.54 with a Royal Life/Abbey National standard home income plan, or £2,332 with a comparable plan from Hambro Provident.

This is an expensive way to buy income and it is really only useful for those on a very low pension or those who have a lot of capital tied up in their home which it is not important to them to preserve for their heirs.

A minimum age of entry

Most home income plans have a minimum entry age of around 70. Of the two plans quoted, Royal/Abbey will make a maximum loan of 65 per cent of valuation and Hambro Provident 80 per cent. The maximum sum which can be lent in both cases is £30,000. It is worth remembering with a home income plan that at the purchaser's death it represents a debt against the estate, reducing it for CTT purposes.

The annual capital gains tax exempt limit (currently £5,600) can offer an excellent way of taking tax-free "income" from a unit trust investment, though proper management is crucial. The idea is to invest for growth in unit trusts and realise a percentage of the investment annually, within the £5,600 limit. Assuming that the fund grows faster than the rate of withdrawal, the original capital should be maintained or even increased.

Problems arise, of course, in a prolonged bear market, when the same percentage is being chipped away annually from a decreasing base. Unfortunate experiences with this sort of plan in the years after the 1973-1974 crisis, when some investors found their capital had been whittled away altogether, have made unit trust managers wary of withdrawal schemes. However, they are beginning to be advocated once more and the runaway bull markets of the last few years make them look very tempting. About a dozen management groups offer formal schemes where the withdrawal is made up of dividend income, supplemented by the required percentage from realisations of units.

Some unit trust advisers will also manage schemes for clients; or the investor could run one on his own behalf. Withdrawal schemes are best used to provide irregular top-ups to income, rather than being relied on as a staple, regular source. That way, realisation of units can be adjusted on an ad hoc basis corresponding to changes in growth rate.

Finally, insurance bonds can be a good source of income, though again proper advice is necessary to get the fullest benefit from them. They come into their own where the investor's income drops into the basic rate band by the year of encashment of the bond.

During the life of a bond withdrawals of up to 5 per cent may be taken without a tax charge. If more than 5 per cent is taken, the excess is liable to higher rate tax. In the final year, the gain on the bond—encashment value plus previous withdrawals—is taken and divided by the number of years the bond has been held. The resulting "slice" is placed against current year's income to determine the chargeable rate of tax. There will only be a tax liability if the slice takes the investor's income for that year into a higher rate bracket.

In other words, a 60 per cent taxpayer could take 5 per cent income tranches tax-free during the life of his bond and still pay little or no tax if he retired in the interim and his income reduced to within the basic rate band.

Immediate annuity rates (purchase price £10,000)

	Man aged 65	Man aged 75	Woman aged 60	Woman aged 75
Level annuity without guarantee	1564.40*	2062.00	1334.10	1794.40
	(705.00)†	(1198.00)	(468.00)	(942.00)
	1306.58††	1802.80	1074.20	1538.68
Escalating at 5% compound without guarantee	1181.99	1640.90	922.40	1383.20
	(437.00)	(893.00)	(234.00)	(655.00)
	958.49	1416.53	715.88	1164.74
Guaranteed 10 yrs	1427.00	1594.00	1292.00	1514.90
	(641.00)	(864.00)	(456.00)	(775.00)
	1191.20	1375.00	1041.20	1292.93

* gross annuity
† (capital content)
†† net income after basic rate tax
Source: 7 Day Rate Update

Pensions sector in a state of confusion

Investing in retirement

ERIC SHORT

THE UK pensions sector is currently in a state of confusion—a complete contrast to a year ago when conditions looked relatively stable at least until the end of the century.

This time last year, financial planners could offer specific advice on retirement planning to their clients with the assumption that the present State and company pensions framework was enduring.

But over the past 12 months, the existing system has come under attack from several directions.

In particular, reform is demanded on the State scheme to end the earnings-related part and to increase substantially the basic State pension. And a growing body of opinion, led by the Centre for Policy Studies, wants to bring in a complete system of personalised portable pensions, with all employees being able to opt out of their company scheme and make their own pension arrangements.

The Government is currently reviewing the UK pensions field giving priority to personal pensions. Mr Norman Fowler, Secretary of State for Social Services, who has been chairing the inquiry, is due to report on portable pensions in the late spring.

Until then, it is not certain whether the State scheme and final salary company pension schemes will continue in their present form. The Centre for Policy Studies considers that company schemes and personalised schemes can flourish side-by-side. The pensions industry has its doubts and feels that many employers would run down their company schemes if personalised pensions became widespread.

Prime Minister's philosophy

Whatever happens, it is highly likely that individuals will have much more scope for making their own arrangements. The various pension organisations are advocating a third tier portable pensions structure to go on top of the present State and company framework. For instance, they envisage employees being able to make their own Additional Voluntary Contribution (AVC) arrangements instead of having to use the company arranged scheme.

This development is very much in line with the Prime Minister's philosophy for privatisation of the way of life in the UK with individuals taking on much more responsibility for ordering their affairs.

So the long term outlook for financial planners specialising in retirement plans is very good. Most individuals, given the freedom to do their own thing in pensions, will do nothing unless they have advice from somebody. But as of now, the specialists cannot offer specific advice because they are not sure of the future structure of pensions.

The confusion does not stop at the pensions framework. The supporters of personalisation and freedom in pensions want this freedom to be extended to the forms of investment for pensions savings. At present, if an individual wants to save towards his pension and qualify for the very generous tax concessions, then he has to use an approved savings plan. The vast majority of these plans have to come from life companies.

Wide range of savings plans

So the Centre for Policy Studies envisages not only a widening in the type of institution that can offer pension savings plans—such as unit trusts, building societies, banks alongside of life companies. They envisage individuals able to hold their own private portfolios of stocks and shares and invest part of their pension savings in new ventures—another feature dear to the heart of the Prime Minister.

So in a short while ahead, the financial planners could have a very wide range of contracts to offer their clients and plan his retirement needs. So they need to be wary of locking their client into life contracts at present.

The supporters of the personal pension concept see the move as bringing about the return of the private investor to the stock exchange, encouraged by the present pension tax concessions. But here they run into another area of uncertainty and confusion brought on by the Chancellor of the Exchequer, Mr Nigel Lawson.

His removal of Life Assurance Premium Relief (LAPR) in his Budget caused consternation well beyond the life companies. For he reaffirmed his intention to move towards fiscal neutrality and the tax concessions given to pension schemes are far more distorting than ever LAPR was.

There is fear and speculation that next year he may attack pension scheme tax concessions. There has been rumours as to the ways this could happen, starting with the ending the tax free status of lump sum payments. The Treasury, in its post Budget statement, indicated that it would be undertaking a complete review of the tax status of pension arrangements.

If pension tax concessions were to end then it would throw a complete spanner in the works of the personal pension advocates as well as changing the complete structure of company pension schemes. For fiscal neutrality carried out to the full extreme would put pension savings on a par with any other form of savings—with the contributions paid out of the individual's net income.

Though the Government is giving priority to these matters it will be some time before any changes are decided upon and come into operation. Meanwhile, planning for retirement needs to continue using the current pension contracts available and the existing systems.

The objectives of planning for retirement are unaltered, that is to ensure that individuals and their families will have an adequate income in retirement, coupled with the opportunity to build up capital in a tax efficient manner.

But any arrangements set up at the present time must be flexible and capable of change with a minimum of fuss in the future. This means that life company pension schemes should be taken out on a single premium rather than an annual premium basis.

The self-employed are the major group of individuals who up to now have had to provide their own pensions on a personalised basis. One of the decisions facing them is whether to take out policies from life companies on an annual or a single premium basis.

Under the present system, there are sound reasons for the self-employed taking out single rather than annual premium contracts. Single premiums tend to give them better returns, especially for with-profit contracts. They provide flexibility enabling investors to review their pension plans every year. Investors are not locked in with a particular life company, as with annual premium contracts.

Nevertheless, the self-employed tended to be sold annual premium policies rather than single premiums and it is not just coincidence that these pay much higher commission at outset than single premium contracts. But with the uncertainties surrounding the future structure of pensions, the self-employed should be taking out single premium plans.

Start as early as possible

The advice to employees looking at AVC schemes is to go ahead rather than wait until the position is clearer. The overriding need in pensions planning is to start as early as possible and not to delay. Any changes introduced to AVCs are almost certain to include arrangements for employees to switch to the new system at least for their future contributions.

The future shape of the UK pensions scene should give individuals much more scope for planning their pension provision. They will be able to hold a wide spread of assets ranging from bank and building society deposits through to their own share portfolios, including a stake in the new ventures that offer the possibility of exciting gains. To grasp these opportunities the individual will, however, need to be actively involved in the planning and management.

But it will mean putting aside enough of one's income to ensure an adequate pension at the time of retirement. One feels that for the majority of individuals, the freedom will only result in insufficient being put aside and what investment is made will go into the building society.

Good availability of mortgages eases path to home ownership

Buying a house

MICHAEL CASSELL

At least one of the prohlems which invariably turns the path towards bome ownership into something more akin to an obstacle course—the raising of mortgage funds—should be a rarity in 1984.

In the past the search for appropriate finance bas been every bit as traumatic as the search for the right home; but rarely has the nutlook for mortgage availahility looked brighter.

The building sociaties have nnly occasionally enjoyed such a surfeit of funds and while it may seem a trifle churlish to criticise them for being in such a healthy position it certainly snggests that their earlier agonising over the advisability of an interest rate reductinn was unduly, if characteristically, cautious.

A record 102,000 applications

So now the societies have pulled out all the stops and say that mortgage queues are rare and very short. In March they committed themselves to lending, for the first time, over £2bn to a record 102,000 mortgage applicants.

Building society advances will probahly soon top £2bn a month, only a little short of the total quarterly lending levels achieved five years ago.

Given the continuing, though not uniform, commitment of the clearing banks to the house mortgage market, the securing of funds for house purchase should present few prohlems for potential borrowers meeting normal lender requirements.

But while the money might be readily available, it is worth emphasising that the present cost of mortgage finance is historically very high when set against tha prevailing rate of inflation. Providing the inflow of building society receipts remains high and interest rates in the economy remain stable, there could be further pressure fnr a downward movement in the societies' own interest rate structure later in the year.

The ready availability of funds will also be a decisive factor in detarmining the amount of money each individual applicant will be permitted to borrow. Most societies normally contemplata loans up to roughly two and a half times the borrowers' income and, in the case of joint mortgages, a lower earnings multiple on the smaller income.

At present, however, some societies will be prepared to raise the multiple as high as three times earnings. Nor is there much resistance to advancing the sort of sums which, until recently, were treated as special cases. The borrower must, bowever, be expected to face higher interest rates on larger loans.

For a while, when the banks represented a major threat to the societies' mortgage husiness, differential interest rates on home loans were abandoned by most societies. But now they are back in force and only one or two of the largest societies offer a flat rate irrespective nf the amount borrowed. Given the plentiful supply of mortgage money, there seems no good reason why borrowers seeking larger amounts should have to accept an interest rate surcharge and they would be well advised to seek help from those societies which charge the same on all sizes of loans.

As for the type of mortgage, there is no doubt that the options available to the home buyer represent one of the most confusing aspects of house purchase. For the majority of purchasers, however, it is comforting to remember that, whichever route is chosan, the difference in cash terms looks small in the context of the total commitment.

Changes in the system of providing tax relief on mortgages—limited to the interest payable on the first £30,000 borrowed—sparked off a big switch to life assurance-linked mnrtgages. Promoted intensively by insurance brokers and building societies, the insurance-linked option has recently accounted for up to two-thirds of all mortgages arranged, their popularity stemming from the narrowing of the differential between the initial monthly cost and the starting costs of a repayment loan.

Attempts to revive endowment market

But the scrapping of life assurance preminm relief in this year's Budget means the option is no longer so attractive, at least to basic rate taxpayers.

The aholition of premium relief has certainly tipped the scales against the endowment option, under which repaymant of the loan is delayed until the end of the mortgage term and the borrower receives any remaining surplus. Efforts by the societies — which usually charge a premium for an endowment loan — and the insurance companies to reduce their costs will inevitably follow as they attempt to revive the endowment market.

For higher rate taxpayers a mortgage linked to a low-cost life assurance endowment package still represents a hetter deal when set alongside the traditional repayment method, under which a mix of capital and interest is repaid.

Borrowers who already have a home and an endowment loan and are thinking of moving will bave to take into account Budget changes and should no longer simply extend the term of their endowment policy to cover any new mortgage. If they do they will lose tha life assurance premium relief.

Faced with this position, borrowers sbould either unlink the endowment policy from their home loan and continua premium payments as a form of investment or, alternatively, arrange another endowment loan linked to their existing policy bnt whose term would only run for the remaining length of that policy.

Having sifted through all the options and attempted to identify the most cost-effective mortgage option available, the house buyar might be excused for believing that the system of tax relief has become impossibly confusing. The view might well prove popular in parts of Whitehall, where there are serious reservations about the concept of mortgage interest relief and its mounting cost to the Exchequer.

Menacing noises ahout its future, involving suggestions of phased abolition to the limitation of interest relief to the basic rate of tax occasionally emerge, only to be silenced hy Number 10. The position is unlikely to change while the present incumbent is in residence or until home ownership is so extensive that its encouragement, via such devices, ceases to be necessary.

So home owners can expect to continue to enjoy the taxation benefits attached to the private housing sector, as well as the prospect of a steadily appreciating asset. The building societies say that average house prices in 1983 rose by around 12 per cent and, though opinions vary on the extent of the upturn in the early part of 1984, most societies agree prices are continuing to move ahead. Some predictions have put the 1984 average price rise as high as 15 per cent; not a bad rate of appreciation when set against an inflation rate around one-third of that level.

Parents face a heavy financial sacrifice

School Fees

ERIC SHORT

PARENTS considering private education for their children have always to bear in mind the high level of fees and the fact that in past years they have risen faster than both earnings and prices inflation.

There is a wide variatinn in fee levels between schools, hut current levels are on average for boys at a top public school around £1,500 a term for boarders and £800 a term for day pupils. The corresponding fees for girls are £1,300 and £675.

With fees of these amounts, it is apparent that for many parents private education will involve heavy financial sacrifices.

It is thus obvious that parents should endeavour to spread the burden as far as possible hy saving in advance to meet part of the cost and hy utilising any capital resources available. The earlier the start, the longer the period over which to spread that burden.

Thus, parents may well feel that Mr Nigel Lawson, Britain's Chancellor nf the Exchequer, is not sympathetic to their problems, since in his Budget on March 13, he withdrew Life Assurance Premium Relief (LAPR), thus ending the only avenue of direct Government help in meeting school fees.

But commentators considering the Budget have concentrated their remarks on this negative aspect and have tended to overlook some positive features contained in that Budget.

To start with, the increase in personal allowances means that parents have more spendable income out of which tn save. Even more important it means that the burden nf paying fees out of current income has been made slightly less onerous.

For many families, there is no alternative to paying most of all the fees when they become due out of current family income, either because parents do not bother tn make provision until the child is about to start school, or because they were unable to save because of other financial commitments such as meeting mortgage repayments.

Even so, paying fees nut of net income will impose a severe burden on many families. The periodic surveys made by leading school fee specialists C. Howard and Partners highlight the sacrifices made by families so that the children can be educated privately.

Many wives go out to work for the sole purpose of helping to pay the fees. Income is boosted by husbands taking second jobs and by the family taking in lodgers. Holidays, entertainment and outings are curtailed to keep down the family expenditure.

Parents need to remember that it will be a tremendous, if not impossible burden to try and save for the complete amount of fees. Inflation means that they are aiming at an ever increasing target.

Indeed, the various school fee specialists do not operate by quoting the annual savings needed to meet a certain level of fees. Instead they start at the other end by finding out what parents can afford, after taking into account the other outlays, and showing what cash sums this can be expected to produce.

For many parents, the amount they can put by at the outset is comparatively small. But they expect to be abla to put aside more later as the husband's (and wife's) earnings rise. So considerahle emphasis is now made in designing low-start schemes, with lower initial payments rising steadily each year.

Benefits for the higher tax payer

If there are at least 10 years befnre the fees are required, then the specialists are still using regular premium endowment contracts or flexihle endowments as the main savings vehicles, even though the loss of LAPR had added 17.65 per cent tn the premiums.

The Chancellnr did not touch the more important tax concession whereby after 10 years, the cash-in value of a regular premium life contract is paid free of all taxes. This benefit is still extremely valuable, especially to tha higher rate taxpayer.

There are several ways of achieving a low-start savings plan. Many life companies themselves market contracts where the premium rises hy a fixed amount—such as 10 per cent—over the first five years.

The specialists achieve a low start by combining a series of five policies taken out in successive years. The cost builds np nver the first five years and each policy as it matures meets the fees for that particular year.

Some specialists still stick to with-profits contracts as their long-term savings vehicle, preferring the guarantees and stability inherent in such policies. Others are willing to make more use of nnit-linked contracts. But these require tn be continnally watched. There would be problems if unit values were low when the fees became due.

Regular savings endowment policies can also be used if fees are due in six or more years' time. The parent borrows against the policy for tha fees and repays the loans at maturity. In this manner the policy still receives bonnses—which cover the loan—and the tax free cash-in is preserved.

But for lesser periods, the specialist tend to use deferred annuity contracts. These have offered good guaranteed yields in times of high interest rates. School Fees Insurance Agency, another school fee specialist, has negotiated special annuity rates.

The specialists are not restricted to life company contracts. National Savings Certificates have been good buys in recent years with their high tax-free yields. The amonnt of each issue which can be held by any one person is limited—usually £5,000. But these can he held hy the children as well as the parents, thus hoosting the total amount beld.

Next parents need to consider using any capital that is availahle. Most public schools will accept lump sums in advance to meet future fees. The specialists also have capital schemes. So parents need to shop around to get the hest terms.

They also need to consider whether the capital would appreciate faster if left in its original form. For example, inherited shares may well grow in value more if left until needed, rather than if they are realised now and invested in a capital plan.

However, it is grandparents, rather than parents, who are likely to be in a position to have capital availahle. The C. Howard survey shows that ahout one quarter of families whose children are being educated privately receive financial assistance from grandparents. And here the Chancellor bas been belpful in his Bndget.

If grandparents are paying out of income, then the removal of investment income surcharge is likely to he of more effect than with parents. It is grandparents who will bave huilt up savings and share portfolios and the removal of the surcharge will increase their spendahle income.

The reductions in Capital Gains Tax and the improvements in Capital Transfer Tax assist grandparents in using capital to meet the school fees of their grandchildren.

Money used by parents to pay school fees is exempt CTT. But the position of grandparents and their capital payments is obscure. The special schemes hava been designed so as to avoid a CTT liability, but as yet this has never been challenged and tested in the courts.

Grandparents should make the maximum use of covenants in paying the fees — with the money going to the grandchild who then pays the fees. In this way, the parent on behalf of the child can reclaim basic rate tax for covenants up to the single person tax allowance — assuming the child has no other income. It is a simple matter to arrange a covenant.

The Independent Schools Information Service bas several leaflets covering private education, including two on payment of fees. These include a list of recommended specialists. Details from ISIS, 56, Buckingham Gate, London SW1E 6AH.

'No divorced person can win financially'

The high cost of divorce

JOHN BURKE

IF THE wages of sin are death, then divorce may bring lifelong expense for the survivors of a broken marriage.

The cost to the country is put at a yearly £1bn in legal aid and social security, because one adult in 12 is divorced. Yet this has proved a bonanza for lawyers, who have seen decrees climb from 23,000 a quarter-century ago to 150,000 today.

Of course, it is possible to conduct one's own undefended divorce after two years of separation. Then the cost is a mere £40 for filing the petition plus other court fees—all of which may be waived for the needy. Get the free *Guide for the Petitioner acting without a Solicitor* from the Lord Chancellor's Office, London SW1, or the Divorce Registry, Somerset House, London WC2. And a handbook *Matrimonial Causes Rules 1977* is sold at £3.25 by Government bookshops such as at Brasenose Street, Manchester 2.

Most divorces are contested (or follow desertion) so it needs a cool head to avoid a financial fight far into the future. The best way to cut costs is by taking expert advice at once, especially if you have no name on the title deeds of the matrimonial home. A good place to start is one of the 900 free Citizens' Advice Bureaux—which note that marital breakdowns have become their biggest type of enquiry.

Failing reconciliation, the CAB can at least persuade partners to agree on their differences to minimise legislation. Their trained staff will spot where urgent action is needed, such as applying for maintenance pending suit or for a land charge on the house lest a spouse sells it secretly.

The CAB can also recommend other helpful organisations like the Divorce, Conciliation and Advisory Service (DCAS) at 28, Ebury Street, London SW1. Britain has 40 such centres, pioneered in Bristol, and they see themselves as a supplement rather than substitute for solicitors. Charging £15 for the initial 75 minutes, the DCAS can plan the best use of the law and perhaps settle the children's custody and access beforehand.

Lawyers may charge up to £100 per hour and some even project huge bills to make a vengeful partner see reason! Marcus Barnett of Islington reckons that a simple divorce could just about clear £150, but other solicitors say that costs of £25,000 are not unusual.

Qualifications for assistance

However, petitioners or respondents might qualify for help, especially if already entitled to supplementary benefit or family income supplement. Get leaflets SB.1 and FIS.1 from the Department of Health and Social Security, whose other material touching on broken marriage includes CH.1, CH.7 and CH.11 as well as N.193. FB3 should be read by single parents, while divorcees ought to study N.195 and NP.32.A about national insurance.

But the DHSS may be too slow in its assessment for legal aid, which can reduce or avoid the cost of an undefended petition or divorce in open court. The state's scheme is handled by the Law Society, whose own leaflets on divorce are available from 113 Chancery Lane, London WC2. Its regional committees issue the quite separate Green Form, an application for free or cheap services from a solicitor. However, this will cover only a few hours' work and it is not available to those earning over £3 weekly and having disposable capital above £655 (more with dependents).

The greatest expense is not the divorce itself but always the financial settlement. What counts here are sections 23-25 of the Matrimonial Causes Act 1973 — which governs divorce in England and Wales pending a new Bill. Likely haggling is why specialist Margaret Bennett of Covent Garden, London WC2, invariably advises clients to invoke Calderbank v Calderbank by making a handsome offer without predudice — but with the threat of full costs if not accepted.

The longest dispute could be over maintenance — not just for the wife but for the children too. Both may suffer from the looming legislation, which would penalise erring spouses, thus worsening the complicated case law that already frowns upon a meal ticket for life. Consequently the lawyers will often recommend a clean break based on Wachtel v Wachtel. She got a third of the mutual assets, but the little woman's portion could even exceed one-half to compensate for crocks of gold at rainbow's end like the hubby's pension.

Anyway, there is a double difficulty about alimony (which can also be squeezed out of a wealthy woman). First, the scale may be legally varied time and again according to the changing circumstances of either partner. Indeed, it stops if the recipient remarries, although hardly for dependent children. Secondly, the law is loath to enforce maintenance and private action is useless, if imprisonment cannot cure impecuniosity. Pressure to pursue is sometimes made by the DHSS, which can be used to trace a defaulter. And a view has been expressed that it pays to make a *maintained offspring* a ward of court, as the children's welfare is paramount in the law of divorce.

It also treats childhood as an elastic period and as a rule the more provision is made for the young, the less goes to the maintained parent. See the pamphlet *Divorce and Your Child* from Families Need Fathers at 37 Carden Road, London SE15. Yet children are usually a lesser problem than property.

"This causes more bitterness than any other subject," says Muriel Stanley of the National Council for Divorced and Separated, whose 120 branches in England and Scotland mostly have welfare officers. Any dispute means a thorough investigation of each partner's earnings and assets right down to the household pet. Pension rights will be assessed actuarially and the surrender value of a life policy calculated. Even a likely inheritance or some expectations from a wealthy lover could be raised but the most expensive situation is when a spouse is self-employed.

How to avoid costly valuations

IN THE 80 years of its exis- may well involve costly valuations of heirlooms or items of only sentimental interest. However, the parties can avoid surveyors' fees by agreeing to an estate agent's estimate of the house price. Yet after all the judge may ignore the details and make a rough cut Solomon-style—and he has the power of sale under section 24.a of the 1973 Act.

This is reason enough to seek what is called ancillary relief through a London divorce registrar, as these specialists are more conscientious about the jots and titles of homes and chattels. The biggest item is usually the house, which is now subject to the Matrimonial Homes Act 1983 following similar legislation in Scotland.

The wife and children may well be granted occupation by a court but it will not necessarily ensure that they can pay any mortgage (though there is tax relief for a non-owning resident paying the interest). If the husband is paying the mortgage and/or maintenance, his future fatality becomes a fear. And while the first wife *may* be the beneficiary of a covering policy, Houseman's Law of Life Assurance notes that the court can change this—not least at the man's request. However, this does not work for a policy subject to the Married Woman's Property Act—whose section 17 is invoked anyway in some divorce cases.

Whatever the situation, a woman can now insure her ex-husband's life simply and cheaply through Continental Life Insurance of 64 High Street, Croydon. Any divorcee qualifies until October whereafter the first premium (lowest is £19.12 per month on £50,000) is due within a year of the decree nisi. Some men let their own policy lapse, especially if linked to a mortgage.

If both parties want the house, this, too, can lead to a fruitless fight. The arithmetic often has to be impressed on partners too angry or distraught to see that their residence is now too large for either — and it were best sold to help get two small homes from the proceeds. But beware of the sale being liable to capital gains tax.

If the husband is moving in with another woman, he should sell out to his wife while still with her.

The other major pitfall for tax is making a settlement on the children — which should be done though a court order. The Inland Revenue accepts that this alienates the parents' income under sections 437-444 of the Taxes Act 1970. By the way, there is relief on alimony but it counts as earned income by the recipient.

Divorce could conceivably boost school fees through tax avoidance, but that all depends on getting the right words on the right piece of paper. An accountant is advisable anyway and he will start from the tax bands of the married couple before the decree. Tax expert Mavis Mullin warns: "The year of separation is more important than the date of divorce for the taxman." The Inland Revenue must see a written arrangement as explained in its leaflet IR.30. And IR.29 on single parents is also available from local tax offices or Somerset House, London WC2.

Thus, divorce is extremely complicated and the divided counsels will vary from case to case — with further variations being provided by the Divorce (Scotland) Act 1976. For England and Wales a good guide was last issued in 1982 by the Consumers' Association at 14, Buckingham Street, London WC2. Entitled *On Getting Divorced*, it will be joined in September by *Money After Divorce*. In 1979 Allen & Unwin published *Divorce and Your Money*.

Opinion is best summarised by Hilary Halpin of the DCAS: "No divorced person can win financially — just settle for less than in wedlock." In 1845 *Punch* advised persons about to marry: "Don't!" In 1984, with one marriage in three likely to fail, any economist must needs say the same about putting asunder.

Plenty of scope for tax exemption

Capital transfer tax

CLIVE WOLMAN

IN THE 80 years of its existence, estate duty came to be despised, particularly by Left-wingers, as a voluntary tax because it could so easily be avoided. All you needed to do was to transfer your wealth more than seven years before death, possibly into a trust over which you exercised control.

Capital transfer tax was introduced in 1974-75 as a way of taxing all gifts made at any stage of a person's life. There are, however, such a wide variety of exemptions that, by careful planning, from your early 50s onwards, you should be able to transfer up to £750,000 of wealth intact without paying any tax.

These are some of the most important exemptions and concessions:

● An exemption for gifts worth up to £64,000, transferred within any 10-year-period.

● An annual exemption on gifts worth up to £3,000 in addition to the 10-yearly exemption.

● An exemption on small gifts worth up to £250 to any individual in any year.

● An exemption on gifts made by way of normal expenditure out of income.

● An unlimited exemption on gifts between spouses. It is often worth while seeking to use this exemption to equalise the value of the property held by each spouse so that the marginal rate of tax payable on the gifts made by each spouse is kept to a minimum.

● Major reductions in the taxable value of farms and small businesses. For outsiders, access to these reliefs can be obtained by buying up a sleeping partnership in an asset-rich business or by buying a farm and employing a manager to do most of the work.

● Interest-free loans repayable on demand since 1981 have no longer been considered partial gifts for CTT purposes.

● For those whose wealth is so great that even a judicious use of the above measures will still leave them with a tax bill, there is a 50 per cent reduction in the rate of tax on gifts made more than three years before death.

Besides the assets, such as farmland, which are specifically favoured for CTT purposes, it is also worth making gifts where possible of assets which have a low value at the date of transfer but are likely to rise substantially in value over the years.

Such assets would include a freehold or leasehold reversion, say, about 40 to 50 years away, shares with deferred rights to dividends and woodlands, which can also attract business relief and other tax reliefs. Life assurance polices written in trust for the intended beneficiaries can be used to pay off any CTT that might arise.

Many people, however, fear they may suffer a Lear-like fate at the hands of their ungrateful children if they seek to make the most use of the 10-yearly and annual exemptions by giving away their wealth early.

Advantages of making a trust

This is where the trust can be useful. Instead of making gifts directly to your children, you put the money into a trust and make yourself and a reliable ally the joint trustees. If the trust deed grants you the discretion to pay out its assets to whomsoever you decide, those assets will normally be burdened with a heavy tax charge every 10 years, and a further charge when the assets are disbursed.

But these charges can be avoided by granting your beneficiaries fixed interests in the trust property although they do not have immediate access to that property. The trustees however retain the power to switch those interests in the trust property away from the original beneficiaries to other people, including back to yourself.

This type of trust is used in most of the "inheritance trusts" which have been mass-marketed mainly by life assurance companies over the past few years. These allow you to use up your 10-yearly exemption of £64,000 and also to make an interest-free loan to the trust of an amount which normally exceeds the value of the pure gift.

The gift and the loan money is then invested in a life assurance company bond so that the value of the trust property increases outside your estate.

The main disadvantages of using this route to avoid CTT are as follows:

● The device may still not give you sufficient flexibility, for example if you re-marry or you wish to change the legacy to some of your children, or make it conditional on their conduct.

● When you transfer your assets into the trust you may create a large liability to capital gains tax.

● The charges of the company can be onerous not least because their commission payments to the broker who sold you the scheme is normally as high as 5.175 per cent of the assets transferred.

● Because this type of device has become so popular, the tax losses to the Inland Revenue are rising and thus it must be vulnerable. This may come in the form of amended legislation.

Alternatively, the taxmen could use against you the principles of a recent ruling of the House of Lords which struck down many artificial types of tax avoidance schemes—or they could use some of the provisions against "associated operations" written into the original 1975 Finance Act.

Some of the objections to the inheritance trusts, in particular the lack of flexibility, have been met by a complicated scheme launched in October by Henderson Administration. It allows the client to choose to invest the trust property in unit trusts rather than bonds and this can have tax and investment advantages.

The client may also make use, where appropriate, of discretionary trusts. Although they are subject of unfavourable tax legislation (see above) the charges can sometimes be avoided if your property is placed in a battery of mini-discretionary trusts, each of which is too small to attract any tax.

Another and more innocuous off-the-peg CTT avoidance scheme, marketed by Merchant Investors, Legal and General and Property Growth Assurance, allows the donor to give away his capital but retain the income from it.

The Inland Revenue then reduces the value of the gift by a fairly generous discount to take account of the fact that the income goes to the donor.

PROPERTY

Rooms at the top

BY JUNE FIELD

TOP PRICES for top apartments is the rule that still applies in the London market for penthouses. Such properties continue to sell quickly and well.

The last of the penthouses at London & Leeds Investments' distinctive development, The Terraces, St John's Wood, NW8, was sold by Lassmans of Old Bond Street, for £710,000 including the furnishings.

The transaction was concluded within nine days from the agreement of terms. Tony Lassman says and he still has other would-be buyers willing to pay this sort of money.

"Even at a price level unprecedented for the area, with the average three-bedroom flats selling for up to £370,000, demand has been exceptionally high.

"It has been primarily based on the fact that there was a high level of security, a generally high standard of finish throughout, plus porterage, garaging and an impressive entrance foyer. This is what buyers in this bracket expect."

Other projects under way by London and Leeds Investments, one of the property arms of the Ladbroke Group, are apartments being developed at the Savoy Hotel, 100 Piccadilly, and Hyde Park Square, all of which are due to be completed this year, says L & L assistant managing director Ernest Sheavills.

What must be the largest apartment on offer in London is the 6,500 sq ft penthouse on the sixth floor in Cumberland House, W8.

The 10-bedroom, five bathroom unit currently arranged as two, but easily joined with the minimum of modification, was built about 15 years ago on top of the turn-of-the-century block for film and theatre entrepreneur Laurie Marsh.

The views from the picture windows and the terrace are quite spectacular — over the Round Pond and tree-lined Kensington Gardens, formal grounds laid out in the French style by Bridgman in 1725 as part of Kensington Palace.

The accommodation is already appealing to Middle-Easterners and Americans with large families, says Avril Butt of De Groot Collis in Knightsbridge — "the sort of people who want lots of space without having the hassle of taking on a big house and garden."

The price is £1.1m for a 999 year lease at a peppercorn rent. Or the freehold of the whole building to include the penthouse (with vacant possession), and reversionary interest in 13 flats, is £1.5m.

Quite separately, the fifth floor flat at Cumberland House has come on the market too, through Tom Hartley, City and Provincial Estates, 10a Milner Street, SW3. Flat number 11 is 3,250 sq ft, with five bedrooms and four bathrooms, priced in the region of £500,000 to include most of the elegant furnishings.

The country-style apartment is owned by the Hon Edward Wood, a director of City and Provincial Estates and his wife, interior designer Joanna Woods.

Special features are the entrance hall which has been extended to make a study, and a sitting-room which has been transformed into a library with floor to ceiling bookshelves. The kitchen is a real family room incorporating hand-made old pine units from Wales.

Many companies will pay top prices for a short lease, according to Aylesfords in Kings Road. "For them it is better than renting, and there is always the hope value, that is the chance of getting a longer lease at an advantageous rate for a relatively reasonable outlay.

"For instance, a 16-year lease is £185,000 in Lowndes Square, S.W.1, where the Sun Life Assurance Company own a lot of the leases and offer good terms for renewal."

Two years ago Savills' London office was selling the ground and garden flat at 100 Eaton Place, S.W.1, with an asking price of £157,500. A month ago the firm was instructed to sell the flat again and quoted £225,000. Within a week an offer close to this price had been received, with another close on its heels.

"This shows a percentage increase of approximately 20 per cent over the period, and indicates that a mid-term to shortish lease of approximately 44 years in Belgravia can still prove a good investment."

Six 2- and 3-bedroom, 2-bathroom appartments in a mews courtyard setting in Curzon Street, London, W1, are for sale on 86-year leases from £220,000 to £390,000 through John Brown, Weatherall Green & Smith, 22 Chancery Lane, London, WC2 (01-405 6944). The flats form part of a development of the Scottish Mutual Assurance Society in partnership with the Trustees of the Third Church Christ Scientist

Meet the new neighbours

MORE and more overseas buyers are invading the central London property market. Some agents report that 80 per cent of their business is with foreign nationals or overseas companies.

Middle Eastern clients no longer top the list. Adrian Wright of Callander Wright says. He says the Japanese are now strong buyers, not only because of the strength of the yen, but through the increasing number of Japanese manufacturing companies in Britain now.

Over the last few months there have been definite signs of a purchasing policy by American companies for their executives over here, on two to five-year postings.

Grosvenor Square flats are always in demand and Chesterton's South Audley Street office has sold six recently totalling just over £3m, with an Indian purchaser buying two vertically adjoining flats for around £1.5m.

Buyers included a Greek, a Frenchman, an Iranian and an American.

On offer in the square is a £1m penthouse with a penthouse pad with a plunge-pool, price £450,000.

Small flats in the price band £30,000-£70,000 in Marylebone, particularly the stretch between Tottenham Court Road and Gower Street, as well as Pimlico, are in demand by young professional couples.

Look for the late 1930s blocks such as Paramount Court, Goodwood Court, Basildon Court and so on.

Gary Hersham of Beauchamp Estates in Curzon Street, considers the best value in the £100,000 to £175,000 range are large mansion flats, where you get a lot of space for your money. As an example he quotes an apartment in Bolton's Court, South Kensington, with two large living rooms, three spacious bedrooms and two bathrooms.

Pleasing areas in which to look for attractive small mews houses in the £70,000 to around £90,000 range are in SW5 (Farnell Mews, and Earls Court Square), in SW7 (Reece Mews, Osten Mews and Queens Gate Mews), and around Holland Park off Addison Avenue, W11.

Good quality houses rather than flats in what are known as the "fashionable" residential areas—Mayfair, Belgravia, Knightsbridge and Chelsea—are selling reasonably quickly, so there is a shortage of these, Sir Nicholas Couper, head of Savills' London property department, says.

Vendors have been slow in coming to the market, perhaps because they are only too happy to see their considerable capital investment increasing.

He also feels that with interest at present levels, it is somewhat surprising that when anyone does find almost exactly what they want, that they are not prepared to contemplate bridging finance.

An interesting factor regarding the desirability of top-of-the-market London houses comes from Peter Kearon, in charge of Knight Frank and Rutley's residential office in Knightsbridge.

"What is not realised by those commenting on 'the absurdly high prices' demanded and obtained for the typical freehold family house with a garden, in say, Chelsea or Kensington (in practice a spread of £250,000 to £450,000), is the result of applying a 10 per cent annum increase on a compound basis over a 10-year period.

"Using this basic yardstick, the £100,000 Chelsea freehold, bought 10 years ago, becomes a £259,000 freehold today. Aid a fair return for the various improvements carried out by one or more owners, and now there is little change from £300,000."

June Field

On the Costa Concorde

MARKETING TECHNIQUES among competing property developers on Spain's Costa del Sol vary from a sticker left on the car offering a free drink for visiting a particular complex, to a one-day inspection trip on Concorde with champagne.

This is planned for Thursday June 28 and will be a first for the airliner, the airport, the developers and the punters. (The fare is £500, but you get it back if you buy.)

The flight is part of a promotion by the Bismarck family headed by Prince Ferdinand, descendant of the Iron Chancellor, to sell their company's apartments being built on the select Marbella Hill Club estate.

The apartments look like being the most sumptuous size and character as well as in outlook, along the coast. Each will have its own private swimming pool and barbecue on a large terrace. The picture shows the Bismarcks' own house on the site.

Prices are £120,000 to £175,000 for two to three bedrooms and two bathrooms. But already three of the units have been sold, and the response to the initial promotion has been remarkable, claims Felicity Hoare of Robert Frazer International, merchant bank subsidiary responsible for the marketing.

The Marbella Hill Club will be launched in London on Wednesday May 9 at the Hyde Park Hotel between 6 and 8.30 pm. For an invitation and reservation form for one of the 10 seats on the Concorde inspection trip, contact Mrs Hoare at Robert Frazer, 29 Albemarle Street, London W1 (01-493 3211).

As any selling now is off plan, all payments are covered by bank guarantee. A show flat should be ready in the autumn, and the first building by December.

J.F.

RESIDENTIAL PROPERTY IS CONTINUED TODAY ON PAGE 18

LEISURE

Hotels—the Good and the Grand

TRAVEL

ARTHUR SANDLES

THE WIRELESS crackled in the way such things did at home in my youth, but with a sound that today is only heard by those who insist on tuning to short wave.

It was a little after seven in the morning and it was jet lag rather than moral fibre which had me awake so early. The Ritz Hotel in London, the BBC World Service said, was about to stop serving afternoon tea to visitors. From now only residents would be served. There was talk of an end to an era and a confusing statement about being able to tell gentlemen by their shoes.

It all caused a stir where I was staying, a hotel in a former British colony, still managed by a Briton and very much patronised by the British. At least did it have us looking at our shoes.

Apparently what has upset the Ritz is the large numbers of visitors who arrive for tea wearing "sneakers." The very use of this foreign term suggests the real target of the ban—the Americans.

Surely only they would arrive for tea in "sneakers" although I suspect what the Ritz really meant was "trainers."

The whole point of the Ritz exercise was to underline its campaign to regain a Grand Hotel. Grand hotels are not the same as Great Hotels or even Good Hotels, although they may be both. Grand Hotels are like the Aunts of P. G. Wodehouse —awe-inspiring. People in sneakers are clearly not overawed.

The number of grand hotels in the world took something of a knock in the blossoming 1970s. Hoteliers poured their money into cement and glass. Hilton, Sheraton, Inter-Continental and THF lent their names to some superb hotels, but very few of them came into the Grand League.

The Ritzes in both London and Paris, remained Grand but were no longer good, while Raffles in Singapore went even further, lost much of its old colonial grandeur as well as its standards.

But grandeur has made a come-back in recent years. The Ritzes and even Raffles have had money spent on them and the hoteliers of the seventies and eighties have decided that there is a market in the stylish as well as the efficient.

The difference between the Good and the Grand is difficult to define. The oracle of the misty heights of hotel connoisseurship is Mr Rene Lecler whose book, *300 Best Hotels in the World*, is the base source for any student of the subject.

He rates Mandarin in Hong Kong as *better than* the Peninsula in Hong Kong. It is true that the Mandarin has better furnished rooms (although I understand the Pen in spending a fortune on changing that) but there is surely no question that, whichever is the better hotel, the Peninsula is Grand, while the Mandarin is not.

It is intriguing that these two *forces of Far Eastern* hotel-keeping now find themselves in fierce competition again. This time in Bangkok, where Mandarin owns the Oriental (unquestionably both Good and Grand) and the Peninsula Group has opened the Bangkok Peninsula.

The Bangkok Peninsula is an interesting exercise. It appears to have originated from a belief that grandeur is still possible and practical. It has a huge lobby, a basic need of a Grand hotel and one taken to its opulent extreme in the case of the Manila Hotel in Manila.

This particular lobby, with its painted silk ceiling and elegant gallery, is also the setting for afternoon tea. I am not sure whether sneakers are allowed.

The Peninsula, both in Bangkok and Hong Kong, also boasts an essential Grand feature which none but the best, and probably the most expensive, hotels can provide plenty of staff.

Space and staff are two facilities which hotels can rarely afford these days. Newer hotels tend to have low-ceilinged small lobbies, not only in order to squeeze more rooms in but also to cut down on heating and/or air conditioning bills.

It is perhaps for this reason that many of the Grand hotels are also older hotels. Lord Forte would scarcely build a hotel like the Grosvenor House in London today, but he has been prepared to spend a fortune on it to bring it back to its former grandeur.

The U.S., like the Far East, has seen some Grand hotel building, although perhaps for different reasons. There is a suspicion that some U.S. hotel owners, as opposed to operators, have been on architectural ego trips.

In the past decade or so the quality has begun to catch up with the quality. Not everyone feels that the Helmsley Palace in New York is—the best hotel in town, but it is without question Grand. The Boca Raton Hotel and Club in Florida is just about as Grand as you can get; everything about it, including the rooms and the staffing levels, is on a Hollywoodesque scale and, in this case, no-one argues about it also being among the best. The Beverley Willshire in California is without doubt Grand.

Unfortunately you can go over the top. Caesar's Palace in Las Vegas has all the fabric of a Grand property, but can you really compete with the Gstaad Palace in Switzerland if you have a discotheque in the form of a sailing boat complete with rocking movement, in the middle of the lobby?

Another happy hunting ground for the Grand hotel searcher is India. Not only are there the quite remarkable old hotels, like the Taj in Bombay, and former palaces—the Lake Palace in Udaipur, the Lalitha Mahal Palace in Mysore, the Rambagh Palace in Jaipur—but also there are new establishments.

The Taj Mahal in New Delhi commands the essential awe with its vast spaciousness, acres of marble, manicured lawns and thronging staff.

Today, European grandeur tends to be on a slightly more modest scale, with the grand leaps being made in the fields of cuisine and detail rather than spectacle and spaciousness.

We are still left with our problem of definition. Grandeur, it seems, is in the eye of the beholder. You *know* when you are in a Grand hotel. There is no baggage around the lobby for a start, and no milling groups, and no, definitely no, sneakers.

Rene Lecler's book is published by Macmillan (£5.95). It is a self-confessed subjective view of hotels, both good and grand, around the world.

HRI (Hotel Representatives Inc) represents many of the world's better hotels — indeed, it operates under the title The Leading Hotels of the World, but the words "some of" should precede that claim. HRI is in the phone book of most business capitals.

Peninsula Hotels also has sales offices around the world —the London office is at 123 Pall Mall, London SW1Y 5EA.

The TAJ group is represented by Utell International in Britain at Banda House, Cambridge Grove, London W6 0LE.

Put your money on Montego

The Austin Montego is distinctively different. Recognition points are the depression on the sides and plastic front and rear bumpers painted to match body colour

MOTORING

STUART MARSHALL

THE ANALOGY with a military campaign is inescapable. British Leyland's volume car operation had been in disarray for a long time until Metro ended the retreat in 1980 and gave the company a real weapon with which to fight back.

At the beginning of last year Maestro consolidated the territorial gains and strengthened the home base from which to launch a future attack.

Montego, announced this week, will carry the war into the enemy's camp. If any single vehicle can help repel the invasion of our home market by mainland European and Japanese cars, this is it.

Montego is in the thick of the fight. With its Maestro stablemate it is competing in that part of the British market in which six out of every 10 cars are sold, most of them to companies, potential buyers, fleet or private, in this class.

So what is Montego? Obviously a development of the Maestro, but much more than a Maestro with a boot stuck on the back.

Although 80 per cent of the body pressings are common to both cars, the doors are the only outward sign of this sensible rationalisation of components. It has an extra 2.3 ins of wheelbase, which improves the ride and increases rear legroom usefully.

The front styling is cleaner than Maestro's and the steeply raked bonnet top almost conceals the screenwipers when at rest. This not only looks neat and tidy but helps keep wind noise down.

At an indicated 100 mph, easily seen in the 1.6HL Montego I drove last week, wind roar was subdued. Adding to the tranquility was high gearing—over 23 mph per 1,000 rpm in fifth—which stopped the engine from sounding busy, and minimal tyre noise.

The tyres, which were Dunlop's latest TD Elite fuel savers on a special rim which prevents bead dislodgment in the event of a high-speed blow-out, deserve a few lines of praise all to themselves.

They are softly shock absorbing no bad surfaces, steer sensitively and are most reluctant to squeal during hard cornering. In spite of their squat 65 series cross-section, they do not make the steering heavy at low speeds and ride exceptionally quietly on coarsely textured roads that make some other tyres rumble and roar.

Michelin's TDX is the alternative; no doubt it is as good. Whether the millimetric diameter TD wheel will be an international commercial success is still in doubt.

But on the basis of my experience of the tyre-wheel system on Montego, I would say it deserves to. It almost gives a car fitted with it an unfair advantage over those that are not.

Three engines are used in the Montego range. The 1.3-litre "A plus" in the cheapest one is like that in the Metro and Maestro; the 1.6-litre "S" is a new unit with single overhead camshaft, belt driven, developed from the Maestro's "R" engine; and the 2-litre "O" series unit in the poshest Montego is like that used in the Rover 2000.

In the MG Montego it has fuel injection. In the pipeline is a turbocharged version; it will be seen at the Motor Show in October, along with a Montego 7-seat estate car.

Gearboxes on the 1.3 or 1.6 cars are Volkswagen four- or five-speed, or a three-speed automatic costing £400 extra in the 1.6-litre Montego. Power outputs range from 68 bhp to 102 bhp; no data is available yet for the fuel-injected MG. The 2-litre Montegos have a five-speed Honda gearbox—an interesting straw in the wind.

Having been away in the U.S., I have so far driven only the 1.6HL. But colleagues who have driven them all praise the cheapest 1.3 for its outstanding handling, due in part to having the suspension of a more powerful car and an engine of modest output.

The fuel-injected MG Montego is commended for its zest and good manners — the 120 mph turbocharged version should be an exciting package—but comment about the London Plas 2-litre was less enthusiastic.

I found the interior appointments of the £6,379 1.6HL agreeable, even elegant. The gear shift was slick, instrument and minor control layout efficient, the boot enormous and visibility commanding.

In the back seat, I had ample room for my long legs and I rated rid comfort on a par with that up front.

Hurrah for a British car with a coin tray and an interior release for the boot. They are small things in themselves but make like much easier.

Points of criticism are few. The clutch was heavier than I had expected; there was a reluctance to hold a straight line at speed on a moderately windy motorway; and the fascia mouldings creaked — as they do on most Maestros in my experience.

It must be a measure of BL's determination to be profitable and of its confidence in the new car's appeal that the pricing is strictly not bargain basement.

The five-speed box on the 1.6HL I drove was £155 extra. Adding central door locking (£195) and electric front windows (£173) inflates its list price to £7,377, which makes the comparable Fiat Regata S5 Super with all these features as standard look cheap at £5,850.

There are a number of Japanese cars, too, competing for private, if not fleet, buyers' money. But the Montego, in its various engine, transmission and trim versions and at its £5,281 to £8,244 price levels, really does rate the most serious consideration by any

It is, by any standards, a very good car and quite easily the best thing of its kind BL has ever produced.

In looks, accommodation, performance and refinement it can hold its head high in any company. For the first time in many years BL has, in Montego, a saloon of medium size that I would be prepared to invest my own money in and recommend others to buy.

None of which is to suggest that it has no evenly matched competitors. It has many: the Audi 80, Fiat Regata, Ford Orion, Lancia Prisma, Peugeot 305, Saab 900, Vauxhall Cavalier and Volkswagen Santana are but eight of its most obvious front-wheel-drive three-box saloon rivals.

Just doing as the Romans do . . .

ONE OF the pleasures in life is coming across the unexpected. When the unexpected is health-giving, it is a bonus. So it is with Club Salute Saturnia in the Etruscan hills, half way between Rome and Florence.

The club sits on a volcanic spring which has been turned into an outdoor swimming pool. Not just any old pool but one where the temperature is a constant 37 deg C, slightly higher than body temperature, so that a late-night bathe, whatever the air temperature, becomes a formality than a luxury stolen from an English summer.

The bonus is that the pool is continually replenished with sulphuric water, which does wonders for the skin.

The sins of the flesh, whose acquaintance can be lightly acquired at the club's tables or bar, can be countered by the therapeutic effects of the pool. Legend has it that Saturn, god of agriculture and something of a goodie, settled here after being thrown out of Rome by his son, Jupiter.

He was such a nice god that once a year, on December 17, he allowed the slaves freedom to say and do what they wanted. Slaves being what they were, it was not long before they doused themselves in the divine waters and gave the occasion orgiastic overtones. Hence saturnalia.

After the fall of the Roman empire nothing much happened for 15 centuries until 1958 when a Roman financier bought the baths and accompanying properties and turned the place into a weekend resort for friends such as Anita Ekberg, Marcello Mastroiani, Federico Fellini, the artist Capogrossi, and Farouk, who quickly put the clock back.

Some years later Snia, the Italian textile concern probably best known outside Italy for its File associate, bought the place and turned it into a 200-bedroom hotel-cum-health resort.

The emphasis may now be on the health side, but there is no feeling of Grayshott Hall or Ragdale Hall where purging the body of its excesses on a diet of lemon juice and water seems to be the overriding god. Such a stay is perfectly feasible at Club Salute. A week, full board per person in a double room, costs £277, which includes swimming pool, medical check-up, thermal beauty treatment and six other treatments that may be taken from a long list including mud bath, jet inhelation, nasal irrigation, massage, kinetic physiotherapy or Bjer treatment, whatever that might be.

For those who prefer to live with their excesses, seven days full board is £233. The conscience may then be salved with a gentle round of clock golf, riding, tennis or just sitting watching the oranges ripen.

There's no TV since the sulphur in the atmosphere plays havoc with metal parts, and it's best to avoid August and September when it's probably cooler in the pool than outside it.

Otherwise, Club Salute is open all the year and, at weekends, full of the beautiful Romans who want to convince themselves there's a relatively painless way of looking even more beautiful. There isn't, but that doesn't lessen the charms of Etruscs.

Anthony Moreton

. . . and as the Bretons do

FISHING

JOHN CHERRINGTON

MY DECISION made with episcopal help last year to give up what might be called formal salmon fishing has held good until now.

The withdrawal symptoms have been controlled to some extent by incapacity due to an operation, and by the knowledge that the demon fishermen of my old beat had failed to catch a fish by the end of March. If this had happened to him it would certainly have happened to me.

I have not quite burnt all my boats yet. I have rejoined an association water which I should never have left, and will accept in future the invitations of friends with not terribly good beats.

The first might mean a fair crowd on the bank, very handy if I collapse with shock should I hook a fish, and for the other I feel it is more profitable to flog an empty river for nothing than an almost equally empty river at great expense.

I could even claim that my fruitless casting, which is improving all the time, is as humanitarian a sport as clay pigeon shooting and not so noisy.

So instead of attacking the Welsh borders I suggested to my wife we should go and have a few days in Brittany, warmer than north of the Channel and where as far as I knew salmon and trout were only to be found on the menus.

I was not quite right in this. I found a river, the Trieux not far from Paimpol where I was told there were both trout and salmon. On investigation though it was roughly the old old story.

There used to be so many salmon and sea trout that they were the food of the poor. But this was before the time of the oldest inhabitant.

I was shown an old mill weir which had a fish pass built in, a nice run of well oxygenated It looked a promising place with but rather cloudy water. What not cast into that I asked an angler standing on the bridge.

He had a spinning rod with a small spoon attached, just right to tempt a salmon on a warm April morning.

That fishing is reserved right down to the side be said, about a couple of miles. No one can fish there. As if to underline his words and angry looking Frenchman appeared with two truculent looking alsatians at his heels.

He did not look a very approachable type, rather like the borderguards one has to pass when entering Eastern Europe. So I followed the angler upstream to where the fishing was free and somewhat crowded. They were fishing the deep water above the weir where it was very slack, either ledgering with worms or drawing a tiny mep or spoon through the murky water. Don't you ever use flies I asked.

Apparently not, my new found friend said, they wanted fish to eat and the water was seldom clear enough.

During the half hour or so I was there none of them had as much as a tickle. Is it always like this I asked. Some times we are lucky and a salmon had been taken a month before and there were occasional sea trout. But it took them out on a Sunday morning and there was always the chance of a miracle.

So we left the river and went to the beaches of which thanks to the enormous rise and fall of the tides Brittany has a multitude. They are either sandy, called plages or pebbly, grèves. The sea goes out a long way and as it retreats is followed by what the guide book calls the dry shod fishermen.

These are armed with spedes, for digging worms, little rakes for finding cockles and small clams, and where there are rocks sticks with hooks for pulling crabs, lobsters and other crustacise out of the crevices.

There are not many of these about, I was told, and considering that every crevice must be thoroughly searched at least one a day all the year round it is not surprising. The only victims I saw were sea spiders, a horrid looking animal. We were served several in the hotels and it is difficult to make a satisfactory meal of them.

For some reason they did not touch the exposed mussels, probably they were too small, nor the coloured winkles. But there were none of the little black ones, bigorneau which are on every sea food menu.

With local supplies exhausted they are imported from Ireland, I was told. Others drove small nets along the tidelines or in the pools chasing shrimps and small fish. These fishers were of all ages and both sexes and most came back with a bucket or plastic bag of goodies.

I wanted to join them but my wife drew the line at taking a self catering flat just so she could cook me sea food. The hotel will provide, she said.

That night is most certainly did.

The first three courses of our excellent en pension dinner was taken up with an enormous Plateau de fruits de mer: an assortment of everything seen on the beaches plus oysters, scollops, king prawns. The whole dominated by an enormous spider crab. With just the right sauce to go with them.

It was a marvellous tuck in. But I had made the mistake of having bed a stiff gin beforehand. As every Sydney sider will tell you spirits and oysters don't mix. For the next 24 hours did I suffer? But I will return, without the gin.

by Lucia van der Pos

The Maclaren Dreamer
Lean lines for ladies-in-waiting

Thoroughly modern mum

WITH a designer of the calibre of Jasper Conran in the family it had to be just a matter of time before the first maternity dresses bearing his exclusive label began to appear in Mothercare shops (you will not need reminding that they are part of father, Sir Terence's Habitat-Mothercare conglomerate). Pregnant readers will be delighted to know that first designs are just beginning to go into the shops and, like all the very best maternity wear, some of the designs will be sought after even by those who have no such happy event in prospect.

As you can see from the photograph, above, both Jasper Conran's designs feature the long, low-slung look currently so popular in mainstream fashion and though a belt placed just at hip level may not be the most appropriate place for a belt, it is certainly where fashionable models are currently placing their own scarfs or belts or sashes.

These first Jasper Conran designs are the beginning of a new expansion of maternity wear in the Mothercare shops — it wants to offer a range of designer dresses, as well as the more utilitarian selections it has always offered. Besides Jasper Conran's designs Stephen Marks of French Connection has produced a collection of co-ordinated sporty maternity-wear which will be going into the shops from the beginning of May.

Photographed left is a plain tucked dress in white, red or navy. Made in 100 per cent cotton it is simple, stylish and finely-detailed. It costs £55 while the dress on the right, in pink or blue, cotton and polyester Chambray, is £45. Both can be found in larger branches of Mothercare.

After the event what every mother will need is as practical, light and manoeuvrable a pushchair as she can find. Andrew Maclaren has long been a name in the world of pushchairs (it was the company that came up with the famous Baby Buggy, that folding pushchair that sold in its millions) and now its latest mode of transport for babies, what it calls The Maclaren Dreamer, has just been launched. Its chief claim to fame is that it is extraordinarily light — it weighs just 11½ lbs (or 5.25 kgs for those who think in kilograms) which it claims is less than half the weight of any similar product. In addition, as you can see from the photograph, it provides exactly the kind of shopping tray that the modern mother needs.

The Dreamer isn't very large and is not designed to carry children who should be walking—ideally it can be used from birth to the walking stage.

The company takes a great deal of trouble over the safety aspect and assures me that the seat, which is so designed that it can face either forwards or backwards and has four different seat angles, locks firmly and securely into position.

In three colourways, burgundy, blue or tan, The Dreamer costs £60 including the shopping tray and bumper bar. (Pramhood and apron, play tray and sun canopy are extra). You can buy it now from most nursery departments (for instance Peter Jones of Sloane Square, London SW1, John Lewis branches, Boots and Adams shops).

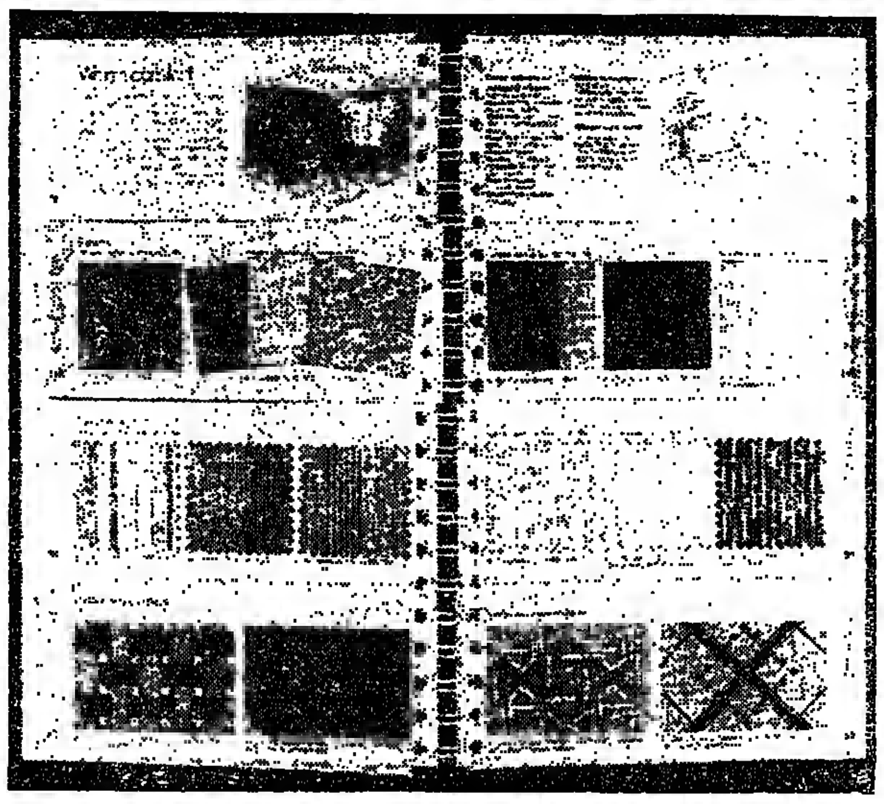
On your bike

CYCLISTS all over the country who have read of the London Bicycle Company and been able to take advantage of its services will be pleased to know that it has now brought out its own first catalogue full of bicycle lore and information, as well as photographs of all the bicycles and the numerous accessories it sells. Whether you are wondering how to buy a bicycle (for yourself or for a child), a new tyre, a headlight or a pair of cycling shoes, this booklet will help you choose.

One of the catalogue's chief advantages is its admirable brevity. You won't find there lists of every conceivable items any cyclist could possibly want. What you will find is an edited selection of what the cycling world has to offer.

I suspect that what will appeal most to cyclists all over the country are the many services the company offers through the catalogue—things like insurance, membership of the London Bicycle Club which offers its members 10 per cent off all bicycle accessories, a preferential repair service, a theft replacement scheme and other special privileges. The company keeps cyclists in touch with special bike events and offers a part exchange scheme for those who buy a new bike from it.

All in all, a must for the cyclist. For a free copy send a large sae with a 16p stamp to the London Bicycle Company, 41-42 Floral Street, London WC2 (tel. 01-836 7830).



Mix and match

MARY GILLIATT'S new book, the Mix & Match Book, is based on such a simple and practical idea that one wonders why nobody thought of it before.

In essence, she has used the idea of splitting the page into four different sections so that anybody trying to decorate a room or work out a colour-scheme can see exactly how the patterns work together. The format is toughly bound so that it should survive a lot of handling. Each page covers four different subjects—at the top are complete room schemes, devised by Mary Gilliatt, and based on neutral, yellow, green, blue or red colour ways. Then come wall-coverings, fabrics and floorings.

Having decided on say, a yellow wall-covering, you can hold that particular section of the book open and flick through the other sections, testing the look of the fabrics, and the flooring against your chosen wall-covering.

The back cover of the book tells me that in all there are 64 specially designed room schemes as well as more than 1,000 full colour samples of the best wall-coverings, fabrics and floorings on the market.

Short of having 1,000 full-colour swatches in your house and playing around with all of those, this book is the next best thing. Most of the best-known manufacturers ranges are shown —Osborne & Little, Pallu & Lake, Laura Ashley, Collier Campbell, Boussac, Designers' Guild and more. Most tastes are catered for—there are small geometrics, strong, dramatic stripes, tiny florals, soft, hazy pastels.

Personally, I find the room schemes themselves rather disappointingly unadventurous but as a method of selecting wall-coverings, fabrics and floorings from the many thousands on the market, it is a winner of an idea.

The book is published by Michael Joseph and costs £9.95.

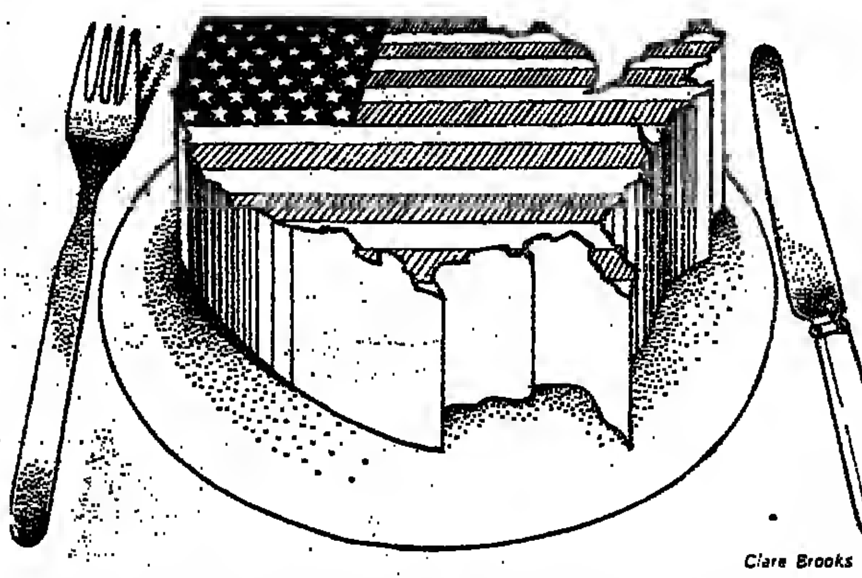
Picture post

A SIMPLE new idea that turns a postcard into something special—a Frame Card. Created by Ray Stringer for Hunkyd[...] Designs the idea is that [...] sender turns them into a p[...]sonal present by fitting a pho[to]graph (whether of child, d[og,] horse or home, is of course, [en]tirely up to him or her) in[to] the card. The reverse side [is] left blank for whatever m[es]sage is being sent and the ca[rd] itself is sufficiently sturdy [to] withstand quite a bit of we[ar] and tear. A pull-out hinge [at] the back enables it to sta[nd] freely on a table or mantelpie[ce].

The cards all measure 2½ [...] square and come with [a] variety of designs round t[he] edges. A pack of five costs ju[st] £2.65 and you can buy them [by] mail from Kitchen Dressing, [...] Bedfordbury, Covent Gard[en,] London WC2 (the price [in]cludes postage and packag[ing]

A taste of the Big Apple

BY JULIE HAMILTON



Clare Brooks

"WELCOME to New York, we're on Lean Cuisine here! If you dont like it you can always order take-out."

That is how David Rendall, who was singing at the Metropolitan Opera House, greeted me when I arrived to stay with him and his family last month.

It was my first visit to the U.S. and I have to say the food excited me very much. I would like to spend much more time there being able to cook with all the interesting ingredients available—that is all except the bland, boring Lean Cuisine, which must owe its success to the New Yorker's obsession with health and weight because it cannot be for its culinary excellence.

In particular I have returned home with an abundance of ideas for pasta and salads. Americans are able to draw on a huge variety of vegetables, fruit and salad crops, ranging from the tropical ones in the south to the products of the extreme north and this, together with their pot-pourri of culinary traditions, gives their cuisine a freshness, an originality that is immensely stimulating to those brought up on more classical regimes.

Now for some of the salad and pasta ideas from my travels.

MULTI-COLOURED BEAN SALAD

Combine together well rinsed canned chick peas, white kidney beans, red kidney beans, baby Lima beans and black-eyed beans. (Of course you can cook them all from dried if you prefer.) Cook some fresh French beans, green or yellow variety and combine them with the others. Make a garlic mayonnaise to dress the beans, stir it in with a bunch of finely chopped scallions (spring onions) and finally sprinkle chopped parsley all over.

Refrigerate overnight and serve at room temperature with a half-pound steakburger flavoured only with green peppercorns and salt.

MARDI GRAS SLAW

Coleslaw seems to come with almost everything in burger houses but Mardi Gras slaw is something else. This is grated red and white cabbage tossed together with grated carrot and grated onion and dressed [...] tard, salt and pepper, whisked together and best olive oil *dribbled in while whisking* to form a thick creamy consistency. A generous amount of caraway seeds is then sprinkled over and tossed in.

BULGAR WHEAT SALAD

Cook bulgar wheat by bringing it to the boil in double its quantity of water and simmer covered for 3 minutes or until the water is absorbed and the wheat is not mushy but tender. Tip into a bowl and refrigerate uncovered until quite cold. Then add to it chopped pecan nuts, currants and lots of chopped parsley, salt, pepper and finely grated orange rind. Mix in some top quality olive oil to produce a desirable texture as well as flavour.

BEETROOT WITH WALNUTS AND ROCQUEFORT SALAD

Carefully cut cooked, peeled fresh beetroot into julienne strips and toss with vinegar and walnut oil, just enough for a coating. Chill until needed. Before serving at room temperature, toss in plenty of walnut halves and crumble Rocquefort cheese on the top. Finish off by coarsely grinding black pepper over it.

GARBANZO SALAD

Fry some very finely chopped onion with thyme in olive oil until tender and pale golden, then add a chopped red pepper. Cook for five minutes and add some rinsed and drained canned chick peas (garbanzos) and a few raisins. Cook for a further four or five minutes, stirring a little. Be careful not to let the chick peas go mushy. Season with salt, transfer to a serving bowl and dress with vinegar while still hot. Allow to cool uncovered, then cover and refrigerate for 24 hours before serving at room temperature.

Americans seem to be fond of salads as a first course, which can be a sensational start to a dinner if as good as this one.

DUCK AND MANGO SALAD

serves six to eight

2 ducks; ¾ lb cooked rice preferably brown and [...] of celery chopped; 1 bunch (6 to 8) spring onions; 1 tea*spoon grated orange rind*; 3 or 4 firm ripe mangoes; salt and pepper; 1 dessertspoon sesame seed.

For the sauce:

2 small egg yolks; 1 whole egg; 1 dessertspoon Dijon mustard; 2 tablespoons mango chutney; 1 tablespoon soy sauce; 1 tablespoon light vinegar—a fruit vinegar would be best if you have one; ¾ pint corn and sunflower oil mixed; salt and pepper to taste.

Roast the ducks for about 45 minutes starting at gas mark 8 (450F) for the first 15 minutes then reduce the heat to gas mark 5 (375F). Allow them to cool slowly and completely before removing the skin and carving all the meat off the bone and cubing into one inch size pieces. Cut the onions into one inch lengths. Combine the duck, onions, celery, orange rind with the cooked rice in a mixing bowl and toss well. Add salt and pepper and toss again. Arrange it on a large serving platter.

Peel and slice the mangoes as thinly as possible and arrange them fanned out on top of the duck and rice mixture (you could use canned mangoes or even pears). Dry fry the sesame seeds until lightly coloured and sprinkle over. Serve at once with the sauce offered separately.

To make the sauce combine all the ingredients in a food processor or blender except the oil which you add as you would for mayonnaise.

LOBSTER AND BASIL SAUCE FOR SPAGHETTI

This is a marvellous first course for a dinner party of six or a splendid main course for four.

1 lb spaghetti; 1 onion very finely chopped 1 largest size can peeled tomatoes; 1½ tablespoons best olive oil; 1 heaped teaspoon dried basil; 6 to 8 fl oz double cream; ½ to ¾ lb lobster meat, which is roughly the yield of a 3 to 4 lb lobster; 1 good pinch of cayenne pepper; fresh [...]

Heat the oil, add the onion and cook covered until tender. Strain and chop the tomatoes and, with the basil, add them to the onions. Season with salt and pepper, bring to the boil, cover and simmer for about 25 minutes then purée it. Return to a gentle heat and stir in the cream. Simmer, stirring frequently until slightly reduced. Shortly before serving, stir in the lobster and cayenne pepper and cook just long enough to heat through. Arrange the cooked spaghetti on warmed plates, spoon the sauce over each serving and decorate with the basil. Do not offer grated cheese with this sauce.

PASTA WITH FETA AND CAULIFLOWER

Lightly steam florets of cauliflower with a few sprigs of mint. Cook pasta, shells are best, but any short cut pasta would do. Tip the cooked shells into a warmed bowl and scissor some fresh mint into it. Trickle a little oil and lemon juice over, add the cauliflower, mix well and grate or crumble a generous amount of feta cheese on the top. Finish of with a generous amount of coarsely milled black pepper. Serve either hot or tepid as a salad or vegetable dish.

RACK OF LAMB

Rack of Lamb, which is the American term for our Guard of Honour, is considered very special; in a restaurant in Newport, Rhode Island, it was the most expensive dish on a rather expensive menu which read better than it tasted. But at the grandest dinner party of my stay it was cooked and served to perfection, pink, tender and moist. The outsides were coated with breadcrumbs mixed with very finely chopped onions, sage, rosemary, a little mustard and finely grated hard cheese. The lamb was first roasted bare for about 20 minutes (depending on size) in a hotish oven gas 6 (400F) then removed from the oven and coated with the breadcrumb mixture, moistened with wine if need be, and returned to the oven [...]

THE ARTS

Snaps of Germany

The BBC had a rush of German cinema to the head over Easter. It began on Good Friday with *Speed*, a biographical programme about Rainer Werner Fassbinder, compiled by Ronald Hayman. A dozen German cinema people were assembled to give their accounts of Fassbinder's "short, sharp life" as actor, writer and director. For the more dramatic moments in a dramatic life, English actors were introduced so we could hear in English how Fassbinder appeared to his colleagues. I know, alas, little of Fassbinder's work; until Sunday I knew only *The Bitter Tears of Petra von Kant* and *Bremen Coffee*, the first of which seemed to me OK, the second not very good. But on Sunday, Radio 3 (which had given us *Speed*) gave a half-hour play, *No-one is Evil, No-one is Good*, described as "an experiment in science-fiction."

This began with the sound of a nuclear explosion, then proceeded to examine the reactions of a German family. The adults seemed to have been purged of the capacity for emotion, whereas the children were still capable of love. What the feelings of the intrusive Greek and Arab were, I can't say, for they spoke in their own tongues without benefit of translation. The director, Jeremy Mortimer, kept the whole thing clear of any feeling deeper than curiosity, and I would like to think that this is indeed how we should feel between the bang and the blast. I can't say that I found anything in the play to jog me along the track to Fassbinderophily, but I suppose it's not an ideal item to offer to newcomers on that track.

Then on Monday, Radio 3 gave *Bavaria in the Jungle*, about the films of Werner Herzog, written and presented by Nigel Andrews. Herzog seems not to have been so eccentric as Fassbinder, but coming up strongly on the rails. When he was filming *Aguirre, Wrath of God*, he forced his star Klaus Kinski ("the bastard") at pistol-point not to drop out of his part, the pistol being no more than make-believe. For him, one fascinating sight can give birth to a whole film; *Signs of Life* originated just in a Cretan valley full of windmills. You don't wonder that he progressed to such scenes as a steamship crossing a mountain range, as in *Fitzcarraldo*. I found these programmes gave me an interesting glimpse of German cinema.

RADIO
B. A. YOUNG

St George's Day, which is also Shakespeare's birthday, was celebrated with a fine production of *Macbeth* in Radio 4's Monday Play slot, Denis Quilley playing Macbeth and Hannah Gordon his Lady. Two hours and 10 minutes gave scope for an uncut version, complete with Hecate, though without the song "Black Spirits" which is there in a stage-direction but no more. Only one or two changes were made. The servant in Act 2 was personified as Seyton, and again in Act 3: "worthy uncle" in Act 5 became "worthy Siward:" sensible changes all. It was interesting to observe how in a radio production so much of the play can be played almost as inner conversation, quiet and intimate. Mr Quilley only once really let himself go with a shout, when considering the prospect of Banquo's descendants succeeding to the throne.

It was a good performance, clearly thought out expressly for radio. Miss Gordon did a nice steely Lady, and didn't try to introduce anything supernatural into the sleepwalking bit. Clifford Rose was Duncan, Nigel Terry was Banquo, John Rowe was Macduff, who wept unbearably at hearing of his wife's and children's murder. There was unexpectedly restrained music by Ilona Sekacz, who did nothing to interfere with the chilling runes of the Witches. Both Fleance and Macduff Junior were played by girls. When will radio directors learn that, however sharply girls imitate boys' voices, the result is quite unboyish? The Royal Shakespeare and the National are always able to get hold of boys with unbroken voices when they want them; why won't the BBC? This director was Martin Jenkins, and I have no other quarrel with him.

On Easter Sunday, Radio Leicester gave us a long interview with Paul McCartney (and a dozen other BBC local stations are queueing up for it). He sounded delightfully naive as he talked about music ("he's great—when he touches the keyboard, there's never any mistakes"); about Liverpool ("I thought I *had* the freedom, I was born there"); about the film he's been making, from his own script ("If they think they've seen a good film, I'll be happy"). The film's due for release about the end of September. Sir Ralph Richardson ("Ralphie to his friends") made his last film appearance in it.

Bach in the USSR

St Basil's Cathedral, Moscow

Arthur Jacobs returns from Russia with musical misgivings

Superimposed on the classical facade of the Bolshoi Theatre, an outsize picture of Lenin summoned the citizens of Moscow last weekend to a day of extra, voluntary work in public renovations and the like. I flew home under severe cultural shock. Not at the Bolshoi but at the Large Hall of the Moscow Conservatory, I had experienced a Bach concert. I needed the quick therapy of Christopher Hogwood's Bach at the Barbican to reassure myself that I knew whet Bach was really about.

The Moscow hall was full: this was a concert in the subscription series of the Moscow Philharmonic. The performers were the Lithuanian Chamber Orchestra, assisted by the Moscow Chamber Choir. With only the bare name of J. S. Bach on the posters, the printed programme inside the hall disclosed that we were to hear a sequence of four orchestral sinfonias (overtures) from different cantatas, followed by one complete cantata; in the second half came one sinfonia and two complete cantatas. And that was that! In no case was a cantata identified by its title, but only by its number. Nor was the audience given the slightest clue to the religious meaning of the cantata texts, which were sung in German.

Moreover the sequence of four sinfonias made musical nonsense, three of them being drawn from church cantatas, and one in parodied rustic style from the Peasant Cantata. One of the movements actually ended in the "wrong" key—that is, a key leading to the vocal movement originally designed to follow it, but making no sense in isolation. The performance itself under Saulius Sondetskis (I can offer the name only in a back-transliteration from Cyrillic script) was stodgy to a degree: in British terms not merely pre-Hogwood but pre-Marriner. The German, as sung, was poor, with only one of the five soloists showing any commitment to verbal interpretation.

While the audience redoubled its applause, I sat nonplussed. Was this performance a mere oddity, not to be generalised upon? No, here was a fully representative Soviet orchestra which had toured to the Americas and Western Europe, performing in a major Moscow series—and yet serving up Bach's music in apparently arbitrary packages like so many kilograms of sugar. What had happened to the composer as a living force? Must we conclude that the Soviet guardians of culture are still nervous of associating religious texts with musical performances, even though religious pictures are fully explained by guides to Russia's churches and art galleries?

Such a state of affairs says something not merely about performers but about audiences. It takes the shock of a visit to the USSR to realise how richly our own musical life is fed by the stream of available information. In our shops, thousands of records beckon; biographies, musical dictionaries and other books constantly renew our awareness of history. In Moscow there are two main music outlets there is not one musical encyclopaedia or dictionary on sale. The non-availability of any such work was confirmed personally to me by Boris Shteinpress, himself co-author of the admirable (and unique) volume of that kind which circulated in past decades but has not been reissued. Classical records on sale are a tiny, arbitrary selection of titles. Thus it is that a British audience participates in a Bach performance; this Moscow audience received passively what it supposed to be certified cultural goods.

*

On another evening I had an altogether happier experience at a concert of Soviet chamber music in the Small Hall of the Conservatory. Sulkhan Tsintsadze (b. 1925) is a Georgian, Yuri Levitin (b. 1912) a Russian, both of that conservative generation of composers who lived through Stalinism and who have received less attention in the West than modernist younger composers like Denisov and Shnitke. Tsintsadze's share of the programme was the more remarkable and included the first performance of his String Quartet no. 10: he seems set to rival Shostakovich's extraordinary total of 15. The excellent Georgian State Quartet made clear the fiery, inventive quality of the music. Equally impressive was a selection from his "Twenty-Four Preludes for Cello and Piano," attractive to the ear, dauntingly difficult to the cellist, magnificently played by Natalya Shakhovskaya (already known for her master-courses in France) with Aza Amintayeva as her powerful partner. Both these works demand to be heard in London, if possible with the same executants.

What I take to be a regular feature of such Soviet concerts was the prior announcement of each item by a speaker from the platform. She did not normally add to the information in the printed programme, but in the case of a violin recital by Igor Oistrakh in Leningrad she was at least able to announce the encores: by Chaikovsky, Wieniawski, and (perhaps surprisingly) Sibelius. In his main items from Mozart to Szymanowski, Igor Oistrakh showed a complete mastery of the smooth, finely balanced line. In looks, at 53, with bulgy face and receding hair-line, he now bears a startling resemblance to his late father, David Oistrakh, whose outstanding role in establishing Anglo-Soviet musical contact after the War is so gratefully remembered.

Compared to London or Manchester, the concerts of Moscow and Leningrad appear to attract a significantly larger proportion of young people—teens and sub-teens, not all in groups. The same was observable at the opera when I went to see the Rimsky-Korsakov rarity, *May Night*, at Moscow's Stanislavsky and Nemirovich-Danchenko Theatre. The Gogol mixture of witchcraft and water-nymphs, village wooing and village bullying is no doubt a special Russian taste, but for the outsider it would take something beyond this rough, cheerful performance (conductor, V. M. Kozhukhar) to re-establish Rimsky-Korsakov's reputation as a master of magical sounds.

My Leningrad opera-going was confined this time to *Madame Butterfly*—or, as the Russians understandably call it, *Cho-Cho-San*. Singing it in Russian, the company of the Maly (Little) Theatre did it straightforwardly and well, with a gifted leading soprano, Inessa Prosalovskaya, and a capable conductor, V. P. Afanasyev. Knowing the Soviet propensity to see art as propaganda, I was oddly touched to note that the strongest anti-American touch in the stage directions — when Butterfly's little child is given the Stars and Stripes to wave while his mother commits suicide—was ignored altogether.

Frozen in the frame

VIDEO
NIGEL ANDREWS

Of course he could remember nothing at all (so goes the story) of the intervening period. Which brings us to another feature of video: its powers of evaporation in the mind. Unlike a stage play or a visit to the cinema, the seductive, effortlessness of home viewing erodes the individual impact of films or programmes and makes them blur together in the memory. This week I have been watching *All You Need To Know About Dogs* (Commercial Video/EMI), *How To Grow Your Own Vegetables* (Thorn EMI), *Endangered Species* (MGM/UA) and *Dead Pigeon On Beethoven Street* (Thorn EMI); and already they are becoming interchangeable in my head, floating through under such titles as *Endangered Pigeon* and *How To Grow Your Own Beethoven*.

It's always best to watch good videotapes with clear intervals between. And the first two of the above are excellent. In *All You Need To Know About Dogs*, a cassette primer for canine-lovers, Lesley Judd is our compere, guiding us from purchase of first puppy to delivery of first litter, via such arcana as feeding and exercising and breeding and entering for competitions.

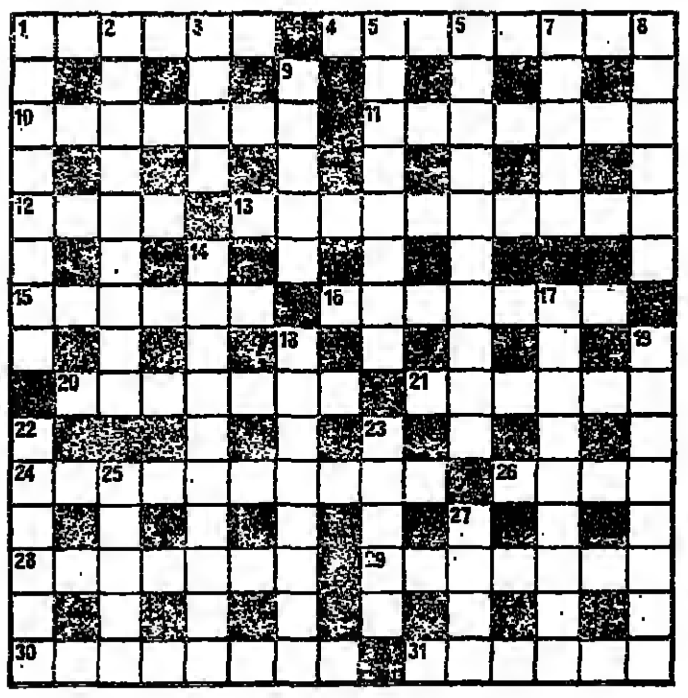
Judd jauntily introduces us to almost every known popular breed of dog, including her own, a seigneurially handsome Irish wolf hound; she asks all the right questions of vets, trainers and dieticians; and she even survives unscathed her daunting exchange with a lady judge at Crufts. Judd: "What will ordinary people gain from Crufts?" Judge (drawing herself up): "There are no ordinary people at Crufts."

Arthur Billitt on vegetables is a close second to Judd on dogs. Billitt hoves to at Clack Farm and takes us through the different growing months, telling us how we should pot, plant, prick out, and finally pluck a nick. Sere and evangelistic, Billitt is a delight even when saying things like "On this part of the garden we're going to grow our brassicas" without telling us what a brassica is. My video copy went mysteriously black after half an hour, but already I was a convert and mentally ordering up a replacement. (I also went straight to my OED: "*Brassica*. A genus of cruciferous plants, containing the cabbage, the turnip and rape.")

Finally, two lively feature films unreleased in British cinemas but now enjoying a video outing. *Endangered Species*, directed by Alan Rudolph of *Welcome to L.A.* and *Return Engagement*, is an eco-thriller about bizarre slaughtered cattle and sinister murder attempts in a Midwest town. It has its share of Hollywood foolishness, not least a lady Sherriff both super-sexy and tough-as-steel (JoBeth Williams) who even in the Feminist '80s seems a bit too good to be true. But the dialogue has a twisty wit ("You have the right to remain silent if you think you can stand the pain") and the eerie night sequences of cows being hoisted high by silent, blinking helicopters keep the thriller temperature nicely chilly.

Dead Pigeon On Beethoven Street is directed by Sam Fuller, B-movie veteran and darling of the French critics, and is action-packed if confusing. U.S. private eye Glen Corbett charges hither and yon across Germany dealing with stoolpigeons, murder and *femme fatale* Christa Lang, but never mind the story, feel the wit and wonder of Fulk's pyrotechnic camera. And then go to the cinema to see his new big-screen release *White Dog*. There's no better first step in weaning yourself from too great an enslavement to video illusion than by taking occasional varying doses of cinema illusion.

F.T. CROSSWORD PUZZLE No. 5,403



A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

ACROSS

1 Kitchen vessel for Dickensian and family (6)
4 Snag in practical headgear, as they say (8)
10 NUPE met, upsetting an indefinite number (7)
11 Knight or saint? (7)
12 Sounds bound to flow (4)
13 Woodman or junk sailor? (10)
15 Sort of cake, sometimes hard (6)
16 Choice, with a pound for nothing, for the cup (7)
20 Red mele turns green (7)
21 Take it that Samuel and Susan are involved (6)
24 Came across and stole off with me, being spirited (10)
26 Cooker's back: hold it! (4)
28 Droop in road, wanting food (7)
29 Dog to tease leader of horses where they run (7)
30 Deep shade observed without gear-change (3-5)
31 A note in pussy's voice in pastureland (6)

DOWN

1 Fowl, something cold with hot application (8)
2 Piano covered with black and white paper—wishful thinking? (4-5)
3 French island with unknown ...
5 A Noah, but adapted for the motorway (5)
6 Rattle, spoken in death (10)
7 Black magic I'll always conceal (5)
8 Wig used by this country and the East? (6)
9 Tobacco for Shakespearean tinker (5)
14 Prophet takes an endless walk to go up to the Queen (10)
17 Make up to detectives on the potio (8)
18 Elegy composed about fool that can't see (5, 3)
19 Display enjoyed by Tom? (4-4)
22 Signs of contentment? Help yourself, he said (6)
23 A taste of punishment? (5)
25 Opera not quite to scale (5)
27 15 across, in short, shortened (4)

Solution to Puzzle No. 5,402

SOLUTION AND WINNERS OF PUZZLE NO. 5,398

Mrs W. Beaumont, 4 Eastwood Lane, Helensburgh, Dunbartonshire.

Mr H. E. Corbell, ... Street, Ruislip, Middx.

Mr G. W. Colvill, ... Cedars, Binebery ... Hampers Lane, ... West Sussex.

† Indicates programme in black and white

BBC 1

6.20-8.25 am Open University. 8.45 The Saturday Picture Show. 11.05 "Oh, Mr Porter," starring Will Hay, Moore Marriott and Graham Moffatt. 12.27 pm Weather.
12.30 Grandstand, including 1.00 News; Football Focus (12.35); Snooker (1.05, 3.20, 3.55) Commentary on the Embassy World Snooker Professional Championship from the Crucible Theatre, Sheffield; Racing from Leicester (1.25, 1.55, 2.55); Boxing (1.40, 2.10) from Wolverhampton; Athletics (2.40) commentary on the long distance men over 10 km—the final of the Rank Xerox series from Canon Hill Park, Birmingham; Boxing (4.20); Final Score (4.40).
5.05 The Dukes of Hazzard.
5.55 News.
6.05 Regional variations.
6.10 Some Mothers Do 'Ave 'Em.
6.35 The Laughter Show.
7.10 The Action Film: "Guns for San Sebastian," starring Anthony Quinn.
9.00 News and Sport.
9.15 Cagney and Lacey.
10.05 Match Of The Day.
10.55 Saturday Late Film: "Till Death Us Do Part," starring Warren Mitchell.

REGIONAL VARIATIONS:
Wales—6.05-6.10 pm Sports News Wales.
Scotland—6.05-6.10 pm Scoreboard. 7.10 The Treasures of the Burrell. 7.25 Sir Alexander Gibson Farewell Concert. Part 1—Elgar, Beethoven (a simultaneous broadcast with Radio Scotland). 8.45 Ice Gala. 9.15 Sir Alexander Gibson Farewell Concert. Part 2—Elgar. 10.05-10.55 Sportscene.
Northern Ireland—4.55-5.05 pm Northern Ireland Results (opt out from Grandstand). 6.05-6.10 Northern Ireland News. 12.30 am Northern Ireland News Headlines.
England—6.05-6.10 pm London—Sport; South West (Plymouth)—Spotlight Sport; All other English Regions—Sport/Regional News.

BBC 2

6.25 am Open University.
3.15 pm Saturday Cinema: "War and Peace," starring Henry Fonda, Audrey Hepburn and Mel Ferrer.
6.35 Bicycles: Framed for Success.
7.00 News and Sport.
7.15 World Snooker. Eighth day of the Embassy World Professional Snooker Championship from the Crucible Theatre, Sheffield.
8.10 Rugby Special.
9.00 "The Testament of John," play by Don Taylor starring Anthony Quayle.
11.00 News On Two.
11.05-12.35 am Snooker (highlights).

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 No 73. 12.15 pm World of Sport: 12.20 Karting—The TV Times Superkart Challenge; 12.35 Torvill and Dean; 12.45 News; 12.50 On The Ball; 1.20 Darts—The News of the World Championship; 1.35 Rallying — The Rothmans Circuit of Ireland; 1.55 Athletics—The Paris Mile; 2.10 Racing from Sandown; 2.25 Darts; 2.45 Racing from Sandown; 3.10 Darts; 3.30 Racing from Sandown; 3.45 Halftime Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.00 News.
5.05 Whiz Kids.
6.00 Robin of Sherwood.
6.00 T. J. Hooker.
8.00 News and Sport.
8.15 "Scream, Pretty Peggy," starring Ted Bessell and Sian Barbara Allen, with guest star Bette Davis.
10.40 Alfresco.
11.10 London News Headlines followed by The Irish RM.
12.10 am 9 to 5.
12.40 Profiles In Rock: Earth, Wind and Fire followed by Night Thoughts with Richard Causton.

CHANNEL 4

2.00 pm Manscape.
†2.30 "Five Graves To Cairo," starring Franchot Tone, with Erich Von Stroheim as Rommel.
†4.20 "The Three Stooges."
4.35 Mama Malone.
5.05 Brookside.
6.00 Ear Say.
7.00 News Summary followed by Seven Days.
†7.30 "Angel."
8.20 "Snare."
9.00 The Avengers.
10.00 Paris, I Love You!
11.00 Perfect Lives.
11.30 The American Music Awards.

REGIONS

IBA Regions as London except at the following times:—

CHESS SOLUTIONS

Solution to Position No 513

White liquidates to a won ending by 1 Q-Q4! QxQ; 2 R(R4)xQ, P-R3; 3 R-Q8ch, RxR; 4 RxRch, K-R2; 5 R-R8! RxR; 6 RxR, P-KN3; 7 PxP ch, PxP; 8 B-Q6! and after exchange of bishop for knight the rest is easy.

Solution to Problem No 513

1 Q-N4 (threat 2 R-B5). PxQ; 2 P-Q4, or if P-B5; 2 Q-Q6, or if R-KB1; 2 R-K7, or if RxPch; 2 QxR.

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COLLECTING

The Aspern Papers . . . and the Buccaneers

BY WILLIAM ST CLAIR

IF *The Merchant of Venice*, just opened at Stratford, is an uncomfortable play for bankers, book collectors have only one more week to reflect upon *The Aspern Papers*—also set in Venice—whose run at the Haymarket Theatre in London is due to end on May 5.

In Michael Redgrave's excellent adaptation of Henry James's masterpiece, Christopher Reeve plays the part of the scholar, Wendy Hiller is the old lady, and Vanessa Redgrave the niece.

The hero of the story is eager to find the papers of the famous poet Jeffrey Aspern, who has died many years previously, in order to write a biography. When he discovers that Aspern's lover is still alive, eking out a lonely old age in poverty with her charmless niece, he fraudulently infiltrates himself into the home by offering an extravagant rent.

In pursuit of his plan to persuade the old lady to hand over the Aspern papers, he pretends to pay court to the niece, and is gradually revealed, beneath his winning manner, to be entirely without scruple.

The play catches admirably the appeals to the higher values which are so often invoked to justify intrusion, deceit, crime, war, and demands for increased public expenditure.

The main features of the story were taken from true incidents which Henry James had heard about in Italy, as rival collectors attempted to obtain literary papers from the aged Claire Clairmont who was living in deep retirement with her niece Miss Paola.

The fictitious Aspern is a combination of Byron and Shelley, highly appropriate since Miss Clairmont bore a child to Byron and the exact nature of her intense relationship with Shelley is still a matter of speculation.

The American collector Edward Silsbee took rooms in the Clairmont house and succeeded in obtaining a valuable Shelley notebook (which is now at Harvard) by dubious means. Later he boasted that he had offered to marry Miss Paola in exchange for the papers—and it is clear from recently published extracts from her revealing diary that she gave him (and others) every encouragement.

But Silsbee lost the main prize. When Claire died, the English collector H. Buxton Forman sent an agent to buy the rest of the papers from Paola. Silsbee, his resources exhausted by his long softening-up campaign, could only offer long-dated non-performing bills, and the memory of a love affair was no match for ready money.

The papers became part of the famous Forman collection and their publication helped build his reputation as one of the leading literary editors of his day. He died covered in glory in 1917.

His reputation took a tumble in 1934 with the publication of *An Enquiry into the Nature of Certain Nineteenth Century*

Pamphlets by John Carter and Graham Pollard. By applying the new methods of forensic science, the two bibliographers were able to demonstrate that a large number of rare literary pamphlets were forgeries, and the finger of suspicion pointed incontrovertibly at Forman's friend, Thomas J. Wise.

Some of the books which Wise had sold from his collection were printed on paper made from esparto grass, a technology not available at the date of their alleged publication. Their typography also included the anachronistic kernless f and kernless j—the kern is the jutting-out piece of metal which was formerly needed to make these two letters.

Although there was not enough evidence to prosecute, Wise could offer no explanation and was totally disgraced. Forman's part in the affair also came under heavy suspicion.

"The Enquiry" has recently been republished with a sequel by Nicolas Barker and John Collins (Scolar Press, 2 volumes, £85) in which the whole story is laid bare, although they have mistaken Miss Clairmont's relationship with Shelley. It is now certain that Forman and Wise conspired to perpetrate a series of lucrative deceptions.

Both were involved in the forgery business, with Forman specialising in bogus association copies. Wise stole books from the British Museum and tore out the pages of others to make good his own defective copies, with other acts incompatible with his position as President of the Bibliographical Society.

Compared with the ruthlessness of Forman and Wise, Silsbee's record of seduction and breach of promise is hardly worth condemning.

Today things are happily different. The age of the buccaneer collectors has gone, and most of the papers of the great romantic poets have long since been safely gathered into the public domain. But talking of the kernless j, does anyone know what has happened to the Shelley notebook which formed part of Jerome Kern's splendid collection?

Kern probably got it from Forman who probably got it from Miss Paola. It was sold as lot 1071 in the Anderson Gallery sale of January 22 1929, shortly before the Wall Street crash, and has not been seen since.

If you know where it is, please get in touch with me at once — and do not bother to tell anyone else for the time being.

It is important that such documents are made available to those who are best able to appreciate their significance. We owe it to our heritage and to future generations.

And if you have a sole dependant who resembles Vanessa Redgrave, I will consider carefully what I am able to offer.

A new edition of "The Aspern Papers" and "The Turn of the Screw" has just appeared from Penguin at £1.75, edited and with an introduction by Anthony Curtis, literary editor of the Financial Times.

A masterpiece of silver

BY JANET MARSH

SOTHEBYS DESCRIBES John Flaxman's Shield of Achilles, which they are to sell on May 3, as "possibly the most important piece of silver made in the nineteenth century."

The massive silver-gilt disc, 3 ft across and weighing almost 670 oz, is elaborately modelled with scenes that attempt to realise Homer's own description of the shield in the 18th book of the *Iliad*. It is a work of the kind that was only possible in an age of patronage on the grand scale.

The shield was generally reckoned as Flaxman's masterwork in the neo-classical style, of which he was acknowledged leader. It illustrates his versatility — and the good fortune he enjoyed in finding patrons.

In 1775, when Flaxman was 20, Josiah Wedgwood was seeking a modeller to work in his new jasper ware. His partner, Thomas Bentley, recommended the young artist, and though Wedgwood remembered him in his boyhood days at the Academy as "a supreme Coxcomb," they began an association which was to mark a whole era of English ceramics.

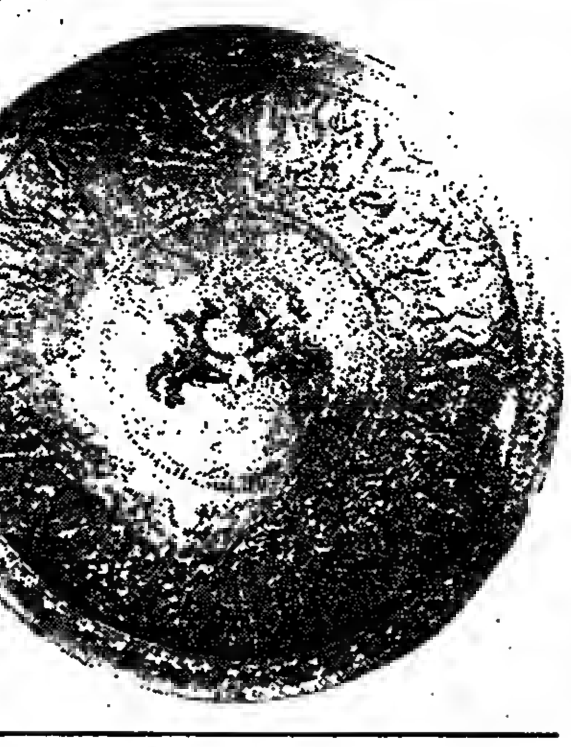
Thanks to Wedgwood's assistance, Flaxman was able to travel to Rome in 1787. He returned from Rome in 1794, with the accolade that the great Italian sculptor Canova himself had declared the Englishman his master.

Early in the new century he turned his attention from sculpture to precious metal, again finding an ideal patron in the firm of Rundell, Bridge and Rundell, which had just been appointed Goldsmiths and Silversmiths to the Court.

Through the long years of work, Flaxman cast himself in the role of Hephaestus, the god of fire and divine smith. The shield is not just a piece of decorative plate, but a real shield, massive and with rings at the centre and border to take leather arm thongs.

Besides a copy commissioned by the Prince Regent, by this time George IV, three others were supplied to the Dukes of York and Northumberland, and the Earl of Lonsdale. It is the Northumberland copy which Sothebys are now selling. It cost 2,000 guineas, a phenomenal sum for 1822.

There is no chance of a bargain price on May 3. Sothebys is conservatively estimating the Northumberland Achilles Shield at £100,000.



A surprising look at roses in April

IT MAY seem rather odd to be writing about shrub roses at the end of April when they are not in flower and it is not the traditional time to plant them but in this case tradition seems to have flown out of the window.

When I visited our best local garden centre last November to replace a Nevada that had collapsed during the summer after an attack by honey fungus, I was told that, though there were thousands of bush roses available, no shrub roses would be on sale until April.

Thinking that this must be some idiosyncrasy of the firm I made further inquiries and found, to my astonishment, that apparently this is now the usual practice with garden centres and that customers prefer it that way.

Sure enough in April the shrub roses were there, I picked out a sturdy Nevada and it is now planted in my garden.

So if you want a few shrub roses, and do not want the bother of getting them mail order for autumn delivery, go to any well-stocked garden centre and take your pick while the selection is still good.

Of course, all roses are shrubs but rose growers use the terms "bush" and "shrub" to distinguish between varieties of moderate height suitable for planting in groups and varieties that are usually taller and probably also wider and so are particularly suitable for planting singly as specimens.

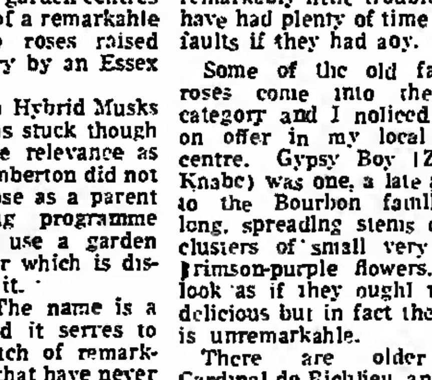
There are other differences of importance in gardens. Because bush roses are usually planted close together in beds, most of their flowers should be carried on stems of about the same height.

This is not the best way with shrub roses that are going to be looked at from all sides. They will be more attractive if the flowers are carried all over the bush, even close to ground level, and the habit of growth can be as varied as one likes.

As plants, shrub roses are more interesting to look at than bush roses and they do not require anything like so much pruning. Usually it is quite sufficient to cut out dead or damaged branches and do a little further thinning and trimming to keep each shrub a nice shape.

For all these reasons they are much more diverse in habit than bush roses. Nevada, which I lost and have now replaced, is one of the rather stiff-stemmed types but nevertheless as it grows up to 7 feet, it will spread its stems and arch them over to become smothered in great wreaths of wide open, creamy white flowers.

For a few weeks in June it is one of the glories of the garden after which it relapses into a pleasant green bush with a few flowers appearing spasmodically during the rest of the summer.



GARDENING
ARTHUR HELLYER

This habit of giving one big display with not much to follow is typical of many shrub roses. It is what happens with Fruhlingsgold, a shrub quite different in habit from Nevada with longer, more flexible stems which arch out widely to carry their large but almost single light yellow flowers in June.

Fruhlingsmorgen is like it in growth but less vigorous and it has pink flowers with yellow centres and maroon stamens, a combination that is both striking and unusual.

Cerise Bouquet also has long arching stems but much smaller leaves and more substantial flowers which I see as carmine rather than cerise but however one describes them they are very effective.

Most of these should be available though not, perhaps, Cerise Bouquet which will probably need to be sought in a specialist rose nursery. What are likely to be in the good garden centres now are several of a remarkable series of shrub roses raised early this century by an Essex clergyman.

He called them Hybrid Musks and the name has stuck though it has very little relevance as the Rev J. H. Pemberton did not use the musk rose as a parent in his breeding programme though he did use a garden rose named Trier which is distantly related to it.

Never mind. The name is a pleasant one and it serves to distinguish a batch of remarkable shrub roses that have never been surpassed in their own particular styles. I use the plural advisedly because there is not even a common habit of growth or character of leaf or flower to unite them, only the fact that they all came from the same Hornchurch parsonage.

The best of them in alphabetical order (for I would hate to arrange them by merit since all are so good) are Buff Beauty, Cornelia, Felicia and Penelope.

The last is one of the stoutest stemmed though Buff Beauty runs it close but spreads its stems more widely. Penelope is shell pink becoming creamier with age. Buff Beauty has fuller flowers, and the colour is apricot, not buff.

Cornelia makes a dense bush and so is excellent as a hedge though also fine as a specimen. The flowers are not large but they are double and combine several shades of pink with yellow which makes them difficult to describe but they are warm and lovely.

Felicia stands close to it, but is neither so complex nor subtle. "Apricot pink," one catalogue says, but, that suggests much yellow. All these Pemberton roses grow well and give remarkably little trouble. They have had plenty of time to show faults if they had any.

Some of the old fashioned roses come into the shrub category and I noticed several on offer in my local garden centre. Gypsy Boy (Zigeuner Knabe) was one, a late addition to the Bourbon family with long, spreading stems carrying clusters of small very double crimson-purple flowers. They look as if they ought to smell delicious but in fact their scent is unremarkable.

There are older ones: Cardinal de Richlieu, another of the crimson purple brigade and this one well scented; Belle de Crecy, a wonderful gallica variety which combines various tones of purple, rose, lilac and grey; Maiden's Blush, a simple blush-pink rose with grey leaves and Rosa Mundi with crimson stripes and splashes on a pink and white base.

It was around in the 15th century but it has no scent, proof that scentlessness in roses is not just a modern perversion.

I also noticed Fountain, a name I did not know and so did not buy. Looking it up at home, I find it is a modern introduction from the fine German rose breeder Tantau.

It is described as having well scented, large, velvety blood-red flowers and to be very healthy which is more than one can say for some of the old roses. I like the name and the description and will go back to the garden centre in the hope that it is still there.

HIGH STREET WINES

BY EDMUND PENNING-ROWSELL

THE VICTORIA Wine Company is the largest and one of the oldest off-licence wine chains in the country. The retail side of Grants of St-James's, whose connection with that historic area for wine merchants is tenuous. Victoria Wine has a very real presence in 800 outlets.

Obviously these vary in size and so do their stocks, but any wine can be supplied on order, down to a single bottle.

The magnitude of Victoria's operation enables its Master of Wine buyers to range very widely over the wine spectrum and there is no lack of choice on their lists. The following were chosen from around 20 different wines suggested from their selection for inexpensive current drinking.

WHITE

Muscadet, Ch. de la Cassemichère 1982 (£3.19). Much Muscadet is just plain dull, but this sur lie (unracked) one has an excellent bouquet, is clean, fresh and fruity on flavour, with more characted than most. To my mind one of the best Muscadets.

Gatao Vinho Verde (£2.49) Without much bouquet, but crisp and slightly sweet, the attraction lies in the agreeable prickle on the tongue.

Baden Dry (£2.39). Wines from the Baden co-operatives are becoming increasingly available her, and this trocker example has the clean grapy aroma of German wines, its dryness tempered with a little sweetness and an attractive slight sparkle. Good value for summer drinking.

Grants of St-James's Chablis 1982 (£4.19). As a fairly basic Chablis this has a dry, authentic aroma, with a suggestion of oak and fairly crisp flavour and good body.

Louis Jadot Bourgogne Blanc 1978 (£4.60). From one of the most distinguished Burgundy houses, iwth which Grants of St-James's have a close association, this generic white burgundy has a whiff of sulphur on the nose, but is a clean, reasonably fruity wine, agreeably older than one might expect, and good value.

Côtes-du-Rhône (£2.19). With good colour and slightly earthy bouquet, this is typical of its kind, tannic and fairly tough, but has plenty of flavour to accompany strong-tasting foods.

Vin de Pays du Gard (£1.851). Fairly light in colour and aroma, the flavour is not very decisive, either. An easy-to-drink, soon-forgotten glass of wine at a very moderate price.

Grants of St James's Cabernet-Sauvignon. (£2.39). This carafe-bottled wine comes the Aude in the Midi, and reflects the great improvements recently in wine-making there. The colour is good, the bouquet evident and agreeable, the flavour well-balanced. Good value.

Grants of St James's Rioja (£2.69). A light-style Rioja that has a good oaky bouquet, a bit dry on the taste, but easy drinking.

Louis Jadot Bourgogne Rouge 1982 (£3.89). Medium-coloured and with a plummy aroma, this has the flavour of authentic red burgundy if lacking a little flesh.

Franzia Cabernet-Sauvignon (£2.49). This California wine has good colour, little bouquet, but is fruity, well-balanced with real Cabernet flavour. Good value, with the dollar/sterling exchange as it is.

Ch. Haut-Soclando, Blaye, 1978 (£3.49). From one of the better-known Blaye estates, this has a nice "claret" nose, is still somewhat tannic to taste but has the authentic flavour for those who like the slightly dry distinction of a good petit-château wine.

SPORT

John Barrett reports on money and tennis

Two more golden girls

THE HUGE earnings of today's top tennis players never ceases to amaze those who are unaware of the present size of the industry. Since open tennis arrived in 1968 the game has been increasingly commercialised so that in 1984 the official circuits alone will offer $18m in prize money for men and $9m for women.

Pam Shriver . . . in the top set

Before the feminist lobby becomes too vociferous I should point out that there are almost twice as many men as women who are prepared to embark upon what is still a chancy career.

Vigorous promotion and massive media attention have turned the top performers into superstars of the entertainment world. They are rewarded accordingly.

Last year ten men were added to the list of players whose career prize money exceeds $1m to bring the total to 37. Two of the 13 women millionairesses are new additions to this exclusive club—Pam Shriver and Virginia Ruzici.

The highest earner, man or woman, in the game's history is Martina Navratilova, whose career earnings of $6.4m are approximately $1m ahead of John McEnroe's total. Now there's something for you to wave your bras about, girls!

Like any industry tennis is subject to the national fluctuations in economic prosperity and the health of the commercial organisations who sponsor tournaments—for long gone are the days when gate receipts covered the outgoings.

Although there always used to be a queue of companies wanting to be associated with the top tier tournaments, the Super Series for men and Group 4 for women—each with minimum prize money of $200,000—even some events in these categories are now struggling to find support.

In the lower categories, tournaments are falling out of the calendar too fast for comfort. From this year's Grand Prix circuit alone seven men's tournaments have disappeared, including our own Hard Court Championships in Bournemouth, and two South American events have left the Grand Prix to become part of the smaller $25,000 Challenger Series.

From this essential nursery circuit it is hardly surprising that four tournaments in Nigeria and one in the Lebanon have gone as also have one each in France and Norway.

In Britain the continuing success of Wimbledon overshadows all else. This is unfortunate because there are other worthwhile events.

During the build-up to Wimbledon, especially, there are three tournaments of proven worth which, surprisingly, still have not attracted support. When BMW ended its sponsorship of the women's tournament at Eastbourne (June 18-23 this year) with its star-studded entry and a minimum of 10 hours of live coverage on BBC Television plus two days of American coverage on the U.S. cable network and anticipated support from Europe, it was generally thought that new candidates for this prize spot would be queueing up at the LTA door.

Many companies have shown interest and the fact that no contract has been signed can hardly be blamed upon the LTA's new promotions officer, Ian Hume, who joined the association from John Haig only in October.

Even at this late stage any company with a figure approaching £125,000 to spend would be welcomed with open arms by the LTA.

With the superb setting and magnificent courts at Devonshire Park, total commitment from the local council, guaranteed field of top players and full media coverage this must surely represent a good bargain.

—Equally attractive in a different way are the West of England Championships for men in Bristol, held the same week at Eastbourne, and the Edgbaston Cup for women held June 11-16 in Birmingham. Although only a sprinkling of top players compete at either meeting both always provide an entertaining spectacle—with special interest on those younger players of immense promise who are striving to fight their way to the top.

At £40,000 each (or less in the case of multiple sponsorship) the Bristol and Edgbaston tournaments are ideal vehicles for smaller companies looking for ways of entertaining customers and gaining blanket national press coverage for their name or product.

Although no announcement has yet been made it seems likely that the women's tournament at Brighton in October will find support.

The one bright spot for the LTA this year has been the arrival of Nabisco Brands (UK) to sponsor the Wightman Cup

Trevor Bailey on the start of real cricket

Why I fancy Middlesex

FOR ONCE the normal rather stuttering start to the first class cricket season took place in bright sunshine and on firm true pitches with the result that county batsmen have already taken a heavy toll off two anaemic university attacks.

Today sees the beginning of the most important, and demanding, of the four domestic competitions, the county championship, which the Britannic Assurance Company has taken over from Schweppes and is sponsoring for the first time. Who will be the first Britannic champions?

The title will almost certainly go to a club that wins about half its matches and is capable of dismissing the opposition twice. This requires a penetrative and preferably varied attack — which automatically excludes about 10 counties, who would be pushed to bowl out a good batting side on an easy wicket once, let alone twice.

The favourites are Middlesex and Essex, the holders. They were unquestionably the two strongest and best equipped teams last year, with Middlesex taking the Benson and Hedges Cup, which Essex should have walked. But Fletcher's men came away with the championship after Middlesex appeared to have it wrapped up.

I fancy Middlesex this year, because of their bowling, which includes three distinctly hostile pacemen, of whom Neil Williams could prove the most effective, and two international class spinners, John Emburey who would be playing for England if he had not gone to South Africa, and Phil Edmonds.

The Essex batting is probably stronger. They have the advantage of a captain, Keith Fletcher, who remains in charge throughout the campaign. Middlesex's skipper, Mike Gatting, will probably be on International duty. But Essex's bowling, except on "green wickets," is less threatening, as borne out by the early season matches at Fenner's and Lord's.

Leicester, like Middlesex, will lose their captain, David Gower, to the Tests, and probably Nick Cook as well, have a real chance. Hampshire minus their best batsman and bowler, both in the West Indian touring party, and Somerset, who have been similarly handicapped, are unlikely to make a very serious impression.

Last season, Warwickshire rose from 17th to fifth in the table as a result of importing two experienced wicket-takers, Gifford and Old. They were the most improved team in the championship and should remain in the top eight along with two other Midland clubs, Northants and Notts and Surrey from London.

In spite of the loss of Dilley and Baptiste, Kent should enjoy a good all-round summer and I expect them to win one of the limited overs competitions.

My outsiders for the county championship are Sussex, who failed to play to their potential last summer, but the outlook up north, in Wales, Gloucestershire and Worcester remains distinctly bleak, because even if they score sufficient runs their home-born bowling talent is mundane, which is one of the main reasons why England have lost their last four overseas tours.

But it is not necessary to have a strong side to carry off an honour these days, as Yorkshire showed when one of the weakest teams in their history still won the John Player League last year.

John Griffiths on a difficult year for motor racing

The thrills and chills

A CHILLING atmosphere has settled over Formula 1 Grand Prix motor racing, which moves to Europe at the weekend with Alain Prost and his Marlboro McLaren leading after two world championship rounds in Brazil and South Africa.

The chill comes from two sources:

The first, and potentially most serious, is the U.S. jury's award of damages approaching $20m to the estate of racing driver Mark Donohue, who died in a mid-1970s racing accident. The judgment was against Goodyear, on whose tyres Donohue was driving.

The second, perhaps less serious is nonetheless provoking irritation.

It is a literal chiller, for an essential item of kit for most teams now is a really effective cooler.

For 1984, the Paris-based governing body of the sport, FISA, has decreed that teams may use no more than 220-litre (about 48 gallons) tanks for each race, which at the Zolder circuit in Belgium this weekend will be over about 180 miles.

That may sound a lot, but with turbocharged Grand Prix engines developing 700-plus brake horsepower, fuel consumption is such that the theoretical end-of-race surplus is at best marginal.

What has happened is that for some drivers, it has proved too little. Renault driver Patrick Tambay was angry enough when, lying second, he ran out of fuel five laps from the end in Rio De Janeiro. When the same thing happened in South Africa, he was almost speechless with fury.

By chilling the fuel right down, the shrinkage in volume means that an extra litre or two can be squeezed into the tank. For teams whose budgets these days almost all start at seven figures, it can mean the difference between winning and losing.

But, as many point out, it seems a damn silly way for the top echelon to go racing.

The intention of FISA was laudable enough. Such a formula, it was felt, would encourage the development of fuel efficiency in Grand Prix engines in an increasingly energy-conscious world—and perhaps slow the trend towards 1,000 horsepower engines and ever higher danger factors.

But Tambay and others say it has led to drivers worrying more about fuel consumption than racing. "It was so boring," said Tambay. "I felt like a taxi driver."

But it is the Donohue decision which provokes a really deep concern, particularly among sponsors and equipment suppliers.

Goodyear is seeking a retrial, and if denied one will lodge an appeal. In spite of the jury verdict finding negligence through the fitting of allegedly faulty tyres, the company says it will continue to supply tyres to the sport.

Bernie Ecclestone, head of the Brabham racing team and the Grand Prix constructors' association, made his own view clear in a statement to the authoritative journal Autosport:

"It is just an example of the stupidity of the U.S. awards under product liability. It is compounded by the fact that Donohue was a professional race driver who knew the risks and knew exactly what equipment he was using. No-one forced him to drive."

Of one thing I am certain. Donohue himself . . . would have been as appalled as Ecclestone at the verdict reached on Rhode Island . . ."

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Saturday April 28 1984

Relaxing in the sunshine

WHEN THE sun shines, the FT index reaches a new all-time high and unemployment stops rising, all on the same day, the temptation to conclude that happy days are here again is hard to resist and there does seem to be more to it than one cheerful Friday. Amid the warnings of hardline monetarist brokers and commentators, the misgivings of the gilts market and the applause of the more sanguine, the idea is gaining ground that the Government is now engaged in some quiet but persistent reflation.

For those who ever played the old childhood game of "Do as I do, not as I say," the evidence looks pretty clear. The Government goes on talking the language of deflation, but its actions are different. Two successive Budgets have contained modest and carefully concealed stimuli — Sir Geoffrey hid his behind an optimistic spending forecast, Mr Lawson worked the trick by collecting revenue earlier than usual.

Subtler trick

In addition, Mr Lawson added to the effect by altering the tax mix. The cut in capital allowances is especially cunning, for while in the long run it will stimulate employment in the service industries, in the short run it will also boost investment spending while companies rush to take advantage of dwindling incentives.

Most telling, though, is the story of monetary policy. This gets a bit technical, but it is worth following. Although the aggregates are being kept under control (though purists now complain that the quickness of the hand deceives the eye), the job is deliberately being done in a way which allows the boom in personal borrowing to go on unchecked.

This is done partly through over-funding — selling gilts above the Government's own funding needs to mop up money, and lending the proceeds back through the bill market — and partly by a subtler trick, which has been little remarked.

This consists of pushing the banks into making very large operating surpluses, and thus in effect financing their lending internally rather than by bidding for deposits. Last year the pressure was supervisory—the Bank of England wanted a strengthening of the capital base so that any possible trouble on the international lending front could be absorbed without crisis.

This year the Budget has done it: the enormous provisions for taxation which the banks announced this week. This is simply past corporation tax liability which the banks thought they had avoided for ever through capital allowances for their leasing subsidiaries. Under the new rules, the tax will have to be paid after all over the next four years; the banks will be eager to fill the large hole which this has left in their reserves.

The result will be more retained earnings for reserves—"non-deposit liabilities" as monetary statisticians call them—and less growth of the money supply. As the great man said, these are deep waters, Watson.

Right, we have finished with the technicalities now. What is the result? First, a rapid and sustained growth in personal borrowing, which has kept consumer spending growing faster than most forecasters expected. (Our CBI-FT survey of distribution suggests that the recent pause, due to cold weather—as you may just remember—will soon be reversed.) Second, as the building societies have faced only feeble competition for deposits, there has been a rise in available housing finance, which is now being actively pushed, and in house prices and building activity.

Finally, and most telling as an indicators of the total effect of all these policies, sterling has been drifting gently down in the exchange markets. There has been nothing dramatic, so only the City puritans have protested; but the drift has been persistent. Since the beginning of this year, sterling has fallen more than 5 per cent against a trade-weighted average, and there is still no sign of official concern.

Optimistic

By now the reader may well be haunted by thoughts of renewed inflation, and wondering if he should not follow the more timorous fund managers into indexed gilts. However, a case can be made for a much more optimistic view.

American experience in the past two years suggests that a depressed economy can absorb very strong stimuli for quite a long time while continuing to enjoy falling inflation. The rise in money spending goes into real growth, not prices. Equally, our own experience since the peak of 1980 shows that an overvalued currency can fall a long way with very little effect on domestic prices; import profit margins seem to take a good deal of the strain.

Mr Lawson hadly wants growth, to avoid a nasty reckoning later; he thinks it is attainable, and seems ready to run a few risks to find out. The gilts market is doubtful, but the equity market is not. In this weather, we will give him the benefit of any doubts we may harbour.

BRITAIN'S SILICON VALLEY REVISITED

Life in the fast lane

By Carla Rapoport

COMPUTER PEOPLE are different. For one thing, they seem to make more money than almost everyone else. For another, they have a perverse passion for their business to the exclusion of almost everything else.

For these and other reasons, Britain's silicon valley—the triangular strip of land southwest of London along the M3 and M4—is still thriving.

Houses in fast-growing towns such as Wokingham, Camberley and Bracknell are sold within days of appearing on the market at prices some 30 to 50 per cent ahead of those in 1982. In Woking, a half million square feet of glamorous redbrick office space has recently opened and is expected to be let within months. In Bracknell, the local job centre reports a surfeit of vacancies in the secretarial and clerical fields.

Unlike its California counterpart, however, where management conferences are held in hot tubs and the new houses contain jacuzzis, Britain's silicon valley reflects a more austere life-style. In Bracknell, for example, the American-style pedestrian mall is an inconvenient long walk from the banks of car parks, somehow negating the purpose of the mall. At a Woking computer company, the sponsored sailing club is about to be disbanded. "Who has the time?" asks one employee. "I'd rather watch snooker."

As for the computer companies themselves, charting their progress is about as difficult as trying to catch a mess of eels with your bare hands. Despite a number of well-chronicled failures, a bewildering 3,000 outlets now sell computers in Britain, with goods supplied by at least 150 different manufacturers of computers from both home and abroad. Two years ago, the Financial Times picked out three young companies from this pool and interviewed a senior executive from each. Their progress provides a helpful glimpse into the pitfalls and pleasures of life in the fast lane.

All three have prospered handsomely, but all three have maintained a breakneck pace of work and more work. Even so, they display the openness and candour which only success, and the daunting bankruptcy seems to bring to businessmen. Despite their larger, plusher offices and the climbing sales volumes, each man sounds a number of anxious notes about the UK computer industry's future. These include the continued difficulties of attracting qualified staff, the imperilled prospects for manufacturing computers in Britain, the increasing problems of exporting technology from the U.S., and a perceived government naivety toward the development of the British electronics industry.

Tom Fitzpatrick might be worth £10m on paper, but he still offers his guests a lousy cup of coffee. CPU Computers, buried in the Surrey countryside on Robin Hood Lane in a village near Woking, has yet to invest in a coffee maker and still projects the image of a lean, hungry company on the make.

"Enthusiasm is contagious, spread it around." proclaim posters on the walls of CPU's airy, sunlit manufacturing unit, known locally as LSI Computers. But enthusiasm for CPU dipped badly about a year ago, just after its launch on the Unlisted Securities Market. The shares, sold at a striking price of 130p, slipped swiftly to 87p.

"We went public at the peak in 1983, without any doubt, for electricals. Within a month, three business computer manufacturers—Osborne, Dragon and Grundy—were in trouble. That, plus getting our share price too high, sent us sliding," reflects Mr Fitzpatrick, the joint chairman and co-founder of the group.

The company's purpose in going public was to have well-rated shares with which to buy other small companies in the field. This dream began to fade so the group decided to tackle the problem head-on. "We went out and sold ourselves to the City. We put them on a bus with a video down to Woking and tried to tell them we were involved in distribution and service as well as assembly, that we weren't one-dimensional," says Mr Fitzpatrick.

By last November, the shares had started to recover and are now at 200p. "Nothing, not a thing, changed about our business in that time," says Mr Fitzpatrick. "We just didn't know the City. We've all been too preoccupied with bits and bytes," he says.

Actually, a few things have changed about the company. From sales of £4m in 1981, the group achieved £19.2m last year, and looks set to reach £30m in 1984. Margins are not growing so quickly, but CPU is intent on reaching sales of £100m within five years.

"In two to five years' time, if you aren't £100m plus, you won't be something in this industry and you might just be nothing. Think about it. There are no small typewriter companies, no small telephone companies," he says.

This growth will be fuelled by acquisition and strong marketing. Two years ago, Mr Fitzpatrick was just launching a franchise operation which linked independent dealers to CPU's output exclusively. The group now has about 20 of these franchisees, with just about total cover of the country.

But looking ahead, Mr Fitzpatrick has a number of worries. He points to the Government's recent £350m support for the development of computer software technology. "The problem is that the Government is being too futuristic. It is trying to position the UK for computers of the 1990. That's fine, but there will be no industry left to build it," he says.

"If the Government had only put £100m behind developing manufacturing capacity here," he says. "Everyone points to the success of Clive Sinclair, but it has been in retailing. That's great. But the market for home computers is going to go the way of washing machines. It will be saturated. There is a much greater market in business and that is largely being serviced by foreign companies. I'm competing with IBM and Hewlett-Packard."

Of the 50 or so assemblers currently operating in the UK, he predicts 15 will be left in five years' time. "That £1.2bn sitting at GEC is what I'm talking about. They could do it, they could link up all the little companies. But it seems that is just not going to happen."

* * *

The men and women who sold computer equipment for Rod Saar two years ago earned around £18,000 a year. Today, they earn around £25,000 but Mr Saar is still short of staff. Marketing director and soon a board member of Data Recording Instruments in Staines, Mr Saar says he is six short on his 24-person team of support engineers.

Figures like these explain why Surrey and Berkshire pay the highest average weekly wages in the country (outside London) and have the lowest unemployment rates. Part of the shortage is due to the fast-growing nature of the computer industry, but it is also due to the UK educational system, Mr Saar believes.

"The educational cutbacks haven't channelled schools from esoteric subjects like geography and social sciences to engineering. It's still seen as a dirty-hand business. Government support for software development means that we are going to get a lot of highly trained prima donnas in their early 20s earning a packet. But where will our manufacturing support come from?" he asks.

Mr Saar joined DRI from Newbury Data which merged into the group two years ago. DRI itself was privatised by the British Technology Group earlier this month, and Mr Saar will soon gain a small slice of the company, a fact which does not concern him much. Now running the marketing of a £70m a year group, he has a larger office but his old easel still stands in the corner.

He claims that DRI is one of Europe's leading peripherals suppliers and has worked hard on expanding the group's exports. These now account for 45 per cent of sales and he aims to push them to 60 per cent in the next few years.

"As a nation, we haven't been good at distribution. To succeed you need local people in each country, mixed with your own and keep a careful watch on their performance." To this end, he still lavishes incentives on his staff, both at home and abroad, sending successful executives to Rhodes for "conferences." His sales staff are now 50/50 on salary and commission.

"Ideally, I'd pay no salary at all, just straight commission," Mr Saar says with a smile. He still works at a feverish pace, ignoring lunch, save the odd one of the few executives in the business who admits to having changed his mind about hiring women.

"I was against it, for all the wrong reasons. I was worried about weepy secretaries.

"Then I promoted my secretary and she's now very successful. But he doesn't see women making big inroads in the UK business as they have in the U.S.

"Women just haven't got that the killer spirit that you see in guys . . . But then, we haven't had any failures among our women," he says.

* * *

At 8.30 am, John Elsden smashes two eggs for breakfast. He has already finished the first hour-long conference of his day. At 32, Mr Elsden is managing director of Allied Business Systems, a growing division of Trafalgar House. He bristles with confidence.

"I was dozing at a long meeting about a new small business computer when I noticed one of those space helmet balls with radios. I broke into the discussion and announced: 'I don't mind what we do, as long as it's round,'" he says with a wide grin.

Shortly after that, the Orb was designed. The trouble was, the trademark "Orb" was owned by a small Brighton company which used it for a signalling beacon. Some cash and computers changed hands and Orb went into production.

Orb ran into distribution problems shortly after its launch last October. However, the group decided to change from regional distributors to dealers and the number of inquiries has shot up. The group hopes to sell 1,000 of its £8,000 systems this year. "If you take the label off a computer, do you know which one you are buying? We are hoping Orb will separate us from the rest, although I admit a lot of people think I'm crazy to sell a round computer."

The guts of that computer are the new chips, supplied under contract from Intel of the U.S. As a result, Mr Elsden is especially sensitive about recent U.S. moves to limit its exports of technology.

"If the Russians want to drop laser bombs on Chicago, they will develop them themselves," he says. "The Americans are paranoid about technology transfer. But they'd better be careful. They are using other people's components and can't be too high and mighty about who gets what. If they get too rough, they'll find better technology developing elsewhere. R & D people don't want their inventions protected," he says.

Trafalgar House does not separate ABS' figures, but Mr Elsden says they are growing at around 20 per cent a year and that his salary has grown "well" in the past two years.

With the Orb, Mr Elsden claims that ABS is on the "cutting edge of technology" and this has less trouble attracting staff. Though a self-trained engineer himself, he has lent strong support to the group's trainee scheme.

"My background leads me to believe that you can create people like me from scratch," he says.

As the only one of the three executives without a slice of the action, he remains philosophical. "I only have to worry about how to sell more machines, not where the money comes from."

That concern hasn't stopped him from having fairly substantial dreams for his company. "I think we'll be much bigger, heading toward major supplier status in the UK. ICL, I'd like to be that mark. I'd like to be ICL, with their market position and without their problems."


BRITAIN'S MICRO-ELECTRONICS BOOM
The Thames Valley '8-bit rat race'
By Carla Rapoport
Not much lunch
'It's a thrill'

Letters to the Editor

Fair taxation of women

From Mr D. G. Lindsay.

Sir,—Four-nil is the score so far in favour of letters supporting genuinely separate taxation of husband and wife, and provision for transferability of the personal allowance as between spouses where the income of one is insufficient to utilise fully his/her allowance.

If, however, any further argument were needed, take the case of a wife earning an income of £20,000 per annum whose husband has an investment income also of £20,000 per annum. Their total tax liability would be £11,316.

Reverse the position, namely, husband earning and wife owning, and the total tax liability jumps to £15,129! That must be totally unacceptable.

From Mr Dale's letter (April 21) it would appear that no tears would be shed over the abolition of the married man's tax allowance, provided it is accompanied by genuinely separate taxation and also by personal allowance transferability between spouses (or possibly the "spouse allowance" found in some systems, which is very similar). Come on, Mr Chancellor.

D. G. Lindsay.
56 Orchard Coombe,
Whitchurch Hill, Reading.

Endowment mortgages

From the Principal Grade Actuary (Products), Prudential Assurance Company

Sir,—In his article (April 14) entitled Endowment Analysis, Clive Wolman gave some figures on a discounted cash flow basis which purported to show the endowment method as giving poor value for money for a basic rate taxpayer.

Unfortunately, I think there was a serious error in the discounted value of the illustrated surplus paid at maturity by the endowment policy which affects the whole force of his argument and possibly the recommendations in the decision tree which *accompanied* the article.

For the record, the following figures which apply for [illegible] are not untypical of the market as a whole. I have taken a male 30 per cent taxpayer aged 30 next birthday, although this latter assumption does not really affect the comparison, as a mortgage protection policy is included in the repayment mortgage costs.

Cost of repayment mortgage (5 per cent discount) £38,488.

Cost of endowment mortgage (5 per cent discount) £40,341.

Present value of illustrated surplus (5 per cent discount) (a) including terminal bonus £4,802; (b) excluding terminal bonus £2,295.

Cost of repayment mortgage (8 per cent discount) £29,534.

Cost of endowment mortgage (8 per cent discount) £30,956.

Present value of illustrated surplus (8 per cent discount) (a) including terminal bonus £2,374; (b) excluding terminal bonus £1,134.

It can be seen that the repayment mortgage is only giving better value for money on this basis at the higher rate of discount and ignoring terminal bonus.

P.W. Wright.
142, Holborn Bars, EC1

* * *

From Mr A. J. Sanders

Sir,—Clive Wolman's conclusion, based on research done by the Bristol and West Building Society, that endowment mortgages are no longer cost-effective for basic-rate taxpayers compared to repayment mortgages, is not well-founded.

The endowment maturity proceeds will probably be greater than the mortgage, leaving a surplus, although a deficit is also possible. To ignore this completely is to make the comparisons virtually worthless.

For a £30,000 mortgage, the type of policy illustrated in the article might currently project a surplus of over £20,000. Discounted at 5 per cent and 8 per cent as in the article would reduce the total discounted cost by about £6,000 and £3,000 respectively and would swing the balance well in favour of the endowment mortgage for all taxpayers.

The final paragraph of the article, which states that the surplus is worth only about £200 to £300 when discounted is wildly inaccurate. However, to take full credit for all the projected surplus would probably not be justifiable, given the other assumptions.

The relative attractiveness of endowment and repayment mortgages will depend upon mortgage interest rates throughout the term, the differential interest rate charged for the endowment mortgage, and the endowment policy proceeds.

The discounted cash flow approach is the best method of comparison, but it is essential that the rate of mortgage interest, the endowment bonus rate, and the rate of discount are consistent with each other; otherwise the results will be distorted, an effect familiar to actuaries, who regularly undertake calculations of this nature. In addition, the discount rate should be adjusted for the individual's rate of tax.

A. J. Sanders.
The Lorches, Mill Lane,
Newdigate, Surrey.

* * *

Clive Wolman replies: The optimism of insurance companies when projecting and quoting surpluses on mortgage endowment policies varies greatly. The Prudential's projected surplus requires, after allowing for expenses and mortality costs, a pre-tax return of 14.3 per cent per year, with the terminal bonus, or 11.7 per cent without. Our published figures assume a slightly lower rate of return and a slightly higher discount rate to allow for the riskiness of the projected surplus compared with the certainty of the monthly pay-outs. Apologies for not spelling out these complexities in the original article.

Changing currency in Brazil

From Mr Teuvo Lehti

Sir,—About a month ago you published an article concerning travel in Brazil. My recent experience during three weeks of travelling there suggests that the advice given in it is in some ways out of date and might thus be misleading.

First, the parallel market for foreign currency has for the moment collapsed. At no time was I offered a margin (for dollar travellers cheques) of more than about 3 per cent. This may, however, be temporary: I was told that the margin varies systematically during the year, and is at its highest in August-September and at its lowest after the Carnival.

Secondly, the parallel market does not function equally well everywhere. It is ubiquitous in Rio and Sao Paolo but almost unknown in many of the smaller places, such as Belo Horizonte, Salvador, San Luis and Manaus. In Manaus, in fact, the parallel rate is lower than the official one, if you can find anybody who is interested.

Thirdly, travellers should keep in mind that ordinary banks do not change foreign money. This seems to be the monopoly of Banco do Brasil, and often can be done only in one of their offices in the locality. In other cities than Rio and Sao Paolo a traveller who relies on the parallel market may thus find himself strapped for cash in restaurants or shops, since even major shopping centres are likely to be unable to cope with foreign currency.

Finally, while the use of credit cards would not make sense in the situation described by your writer. In the present situation the opposite is probably the case. This is because the offical rate for the cruzeiro is adjusted at weekly or bi-weekly intervals, and is thus likely to move in favour of the traveller between the time of his expenditure and when his bank bills him.

Teuvo Lehti.
Naz-Dessous,
01170 Gex,
France.

Loan Guarantee Scheme

From Mr K. T. H. Graves

Sir,—It is a pity that in regard to the Loan Guarantee Scheme we have had to be wise after the event. The ingredients of failure were surely there to be seen, and seen very clearly, when the fact is that about one in three of the new businesses started in 1981 have since failed.

Starry-eyed optimism is no substitute for attention to those matters found useful by providers of equity finance. One never feels the same pang in parting with someone else's money as one feels in parting with one's own. This is not to say that one does not have some sympathy for those who have not succeeded; but one would not have thought that it was the job of the banks to educate their customers.

Indeed I am particularly incensed by the criticism of the banks. It may be that (once again) they wanted to show themselves public-spirited at a time when there seems to be so much misplaced hostility towards them, even the Wilson Committee failed to fault them in their provision of finance. They have gone beyond the limits of banking prudence (in their own words) more than once.

Loan capital cannot do the job of equity capital, or at least one would look for some lowering of the gearing. Profits (if any) are bound to be low in the early years, and a high debt burden in times of low profitability obviously makes the firm vulnerable. In any case what happened to Equity Capital for Industry, set up in 1976?

As it happened many of us did not agree with the government pressure which resulted in the establishment of ECI; but given that it exists (or does it?) then what is it for? For that matter, what happened to Technical Development Capital for the provision of venture capital by this subsidiary of the Industrial and Commercial Finance Corporation (now part of Finance for Industry)?

The flaws which have been revealed were all spelled out by the Bolton Committee in 1971. *Plus ça change plus c'est la même chose.* . . .

K. T. H. Graves.
187, Pensby Road,
Heswall, Wirral.

Innovation versus short-term profit

From Mr J. E. Russell

Sir,—You quote (April 25): "Businessmen and engineers alike must never forget we are in a world-wide technological race today . . . and one which some companies would not survive through paying insufficient regard to innovation."

The financial Press is the greatest opponent of innovation, through its obeisance to short-term profitability. If you seriously believe what you print, surely you should stop praising boards of directors who up their short-term profit and replace this with a detailed study of the performance of those boards as technological innovators, at least in the manufacturing industries. The easiest way to short-term profitability is to axe the innovators.

J. E. Russell.
23, Milbank Court,
Darlington.

DHSS intentions and the Bow Group

From Mr Nicholas Perry

Sir,—Malcolm Rutherford's article "Fowler opens Pandora's box" (April 6) asserts that "there appears to have been no sudden blinding revelation which pushed him into the most substantial examination of the (DHSS benefits) system since Beveridge."

In fact, the genesis of this review can be pinpointed quite precisely. In a speech to the Bow Group at last year's Conservative Party Conference, Mr Fowler took as his theme the then-recently published Bow Group paper "Beveridge and the Bow Group Generation." In that paper the author Michael Lingens, called for exactly the type of overall policy review announced recently.

Nicholas Perry,
Research Secretary,
Bow Group,
240 High Holborn, WC1.

ICFC and the venture capital boom

The problems of success

By Tim Dickson

FORTY YEARS ago, before the term "venture capital" had even been coined, finance for small business was in short supply. Somewhat reluctantly, however, as a sop to nagging but persistent lobbyists, the Government and main clearing banks agreed in 1945 to set up a fledgling organisation called the Industrial and Commercial Finance Corporation.

Today you only have to glance at the small avalanche of prospectuses for companies coming to the Unlisted Securities Market (USM)—or seeking a full Stock Exchange quote—to see the name ICFC crop up again and again.

For the UK's best known provider of long-term loan and equity finance to small firms—now known just by its initials and part of the Investors in Industry (3i) group—is seeing a remarkable payback on share investments made since the war.

No fewer than 20 to 25 businesses (including at the moment Greggs bakery and Microvitec) in which ICFC has a significant minority stake have in the last year cashed in, or announced their intention to cash in, on their success through a public quotation for their shares.

To take one of the most spectacular examples—ICFC's 20 per cent stake in Oxford Instruments, valued at more than £100m when the high technology business came to the full market last October, cost well under £1m when it was purchased in 1967.

In the last couple of years, however, major changes have been taking place and hordes of competitors (including its own shareholders, the banks) have entered the market with a view to emulating ICFC's undoubted success.

While there is quiet satisfaction at some of the phenomenal capital gains in the ICFC portfolio—between them they will contribute to record profits for the financial year just ended—there is more than a little anxiety at the South London headquarters of 3i.

For competitors not only are nibbling away at its market share; but the Government's Loan Guarantee Scheme and Business Expansion Scheme have deflected some new business and significant numbers of key staff have left in the past 18 months.

Mr Jon Foulds (right), 3i's chief executive, concedes that ICFC has lost market share but says: 'When you are just about the only player in the field and others join in, that is bound to be the position'

There are three main problems:

● The explosion of interest in venture capital in the City of London and elsewhere in the past 2½ years has already been widely documented.

Venture Economics, a London-based research consultancy, estimates that there are now as many as 100 sources of venture and development capital in the UK, compared with a mere handful just four years ago. The April edition of its publication, Venture Capital Journal, suggested that £84m was invested in UK companies by UK venture capital funds in 1983 — a one-third increase on the previous year.

ICFC, which is estimated to have put out roughly £50m in packages which include equity over the same period, points out rightly that the new participants have greatly expanded the market and encouraged more entrepreneurs. But while 3i's chief executive, Mr Jon Foulds, reports that ICFC is on target for a "record" year in terms of new investment, he concedes that market share "has certainly been lost."

"When you are just about the only player in the field and others join in, that is bound to be the position," he says.

Reacting to the new competition, ICFC in the last year has embarked on a remarkably high profile marketing campaign.

● Although the extent of their influence on ICFC's business can only be a matter for speculation, there is no doubt that the Government's Loan Guarantee Scheme and the Business Expansion Scheme — two key policy measures to assist small firms — have exacerbated the competition. The LGS, for example, which provides a Government guarantee for 80 per cent of approved loans, has enabled the four major high street banks to finance thousands of start-up companies with loans rather than equity.

The BES, which enables individual investors to claim tax relief on investments in unquoted trading companies, has posed a potentially greater threat. More than £40m was raised by BES managed funds in 1983-84—and much of it invested before April 5. But ICFC, which with its long experience would have been uniquely qualified to join in, ultimately decided not to, after agonising over potential conflicts of interest.

● The exodus of so many talented staff—six area managers and many more less senior "controllers" over the last 18 months—is perhaps the most visible of ICFC's problems. By all accounts controllers' salaries were badly out of line up to last year, but thanks to several substantial pay increases the drain at this level appears to have stopped.

Better remuneration, however, has not halted the recent departure of some key "frontline" troops.

The announcement last week that former London East manager, Mr Donald Workman, has left to manage the new Castleforth Business Expansion Fund is just the latest example of this trend.

Mr Foulds observes that ICFC's "highly intelligent, highly motivated and highly trained pool of talent is an obvious one to fish" and claims that this is far from being the first time that ICFC staff have left in large numbers. He admits, though, "that this time round there are greater numbers of attractive opportunities than before for young men to go and do their own thing."

Conversations with most of the recent ICFC "alumni" confirm that this is certainly the most important common factor.

Phenomenal gains will contribute to record profits

Government schemes have deflected some new business

One highly significant bait, for example, is the tendency of many of the newer, American influenced venture capital funds to offer managers an opportunity to participate directly through share options in the companies in which they invest. As yet there is no such opportunity at ICFC.

In spite of the outside criticisms—not always inspired by the best of motives—ICFC undoubtedly enjoys immense inherent strength and can call on considerable expertise.

It is also justly proud of its determination to be around helping small companies if, as some suspect, the fashion for venture capital dies away. The challenge it faces is how to retain its position in the long term if (as looks increasingly likely) that "fashion" is here to stay.

Gold Mining

Canada finds another Klondike

By George Milling-Stanley

FOR YEARS Canadians virtually ignored the bleak countryside around the railway halt of Hemlo on Lake Superior's north shore. The level lie of the land seemed the area's only advantage, making it suitable for routing the main Canadian Pacific railway line across the country and the Trans-Canada Highway.

Apart from its bleakness, the area is bitterly cold. The town of White River, just east of Hemlo, takes perverse pride in claiming the lowest temperature recorded in Canada—a breathtaking minus 72 degrees Fahrenheit.

Today, however, Hemlo is far from quiet, thanks mainly to Don McKinnon, the prospector who in 1980 made the discovery which started the biggest goldrush in Canada since the finds at Yellowknife in the Northwest Territories 50 years ago.

The Hemlo gold deposits should ensure for many years to come that Canada retains its ranking of third in world gold production behind only South Africa and the Soviet Union, with the area adding something over a quarter to Canada's present production of 68 tonnes a year.

McKinnon's interest in Hemlo was sparked off in the late 1960s, when a casual conversation with an old prospector led him to seek out the records of a 17th century journey across that part of Canada by two French explorers in which they referred to showings of gold. His search through the archives culminated in his theory that previous prospectors had been looking for the wrong type of deposit.

A Canadian gold deposit typically consists of a series of tiny quartz veins wandering this way and that through quantities of barren host rock.

McKinnon's theory was borne out. The deposits turned out to be located in a wide band of rock lying between two other non-goldbearing strata. They are, in fact, more akin to the rich gold reefs of South Africa's Witwatersrand than to anything elsewhere in Canada.

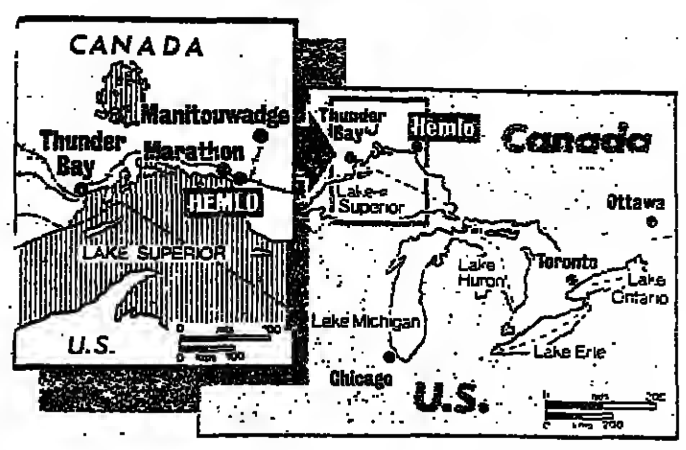
The nature of the deposits was established in January 1981, when the little-known Vancouver exploration company International Corona Resources started to drill the area recommended by McKinnon.

In December 1979 McKinnon had started to stake claims in the Hemlo district. The mechanics of this process have not changed materially since the turn of the century.

McKinnon hawked these claims, and his theory on the nature of the gold deposits, around the big mining groups in Toronto, hub of the eastern Canada financial establishment, but without success.

In the wake of scandals over speculative issues in the past, the Toronto Stock Exchange had brought in stricter regulations—too strict, according to some—and the junior exploration companies had packed their bags and fled to the more congenial climate of Vancouver.

Mr McKinnon had little choice but to follow. He eventually struck a deal with Vancouver's most famous stock promoter, Murray ("The Pez") Pezim, for whom the description "flamboyant" might have been invented. Pezim used the previously dormant International Corona Resources as his vehicle for the Hemlo area.



Corona brought in the much larger Teck Corporation as its partner in the Hemlo property, with Teck paying C$5 per share for 200,000 Corona shares. The C$1m (£550,000) Corona received went towards the cost of a feasibility study on the proposed mine, with Teck earning the right to acquire 55 per cent of the joint venture in return for financing the mine to production.

Initially some members of the Toronto mining establisment regarded the deal with disdain, believing Teck had paid far too high a price in its eagerness to grab a piece of the Hemlo action. However, encouraging drilling results continued to flood in from Corona and later from Lac Minerals. Eventually the big Noranda Mines also took the plunge.

Noranda's deal, with Goliath Gold Mines and Golden Sceptre Resources, also involved an initial investment by the senior group in the juniors, at a substantial premium to the then market price, intended as compensation for previous spending on exploration.

What raised the eyebrows of the Toronto establishment was the money paid by Noranda, about C$6m, and the group's commitment to bringing a mine into production within only two years.

Noranda may be spending somewhere in excess of C$200m on Golden Giant, but the deposit's estimated 7m oz of gold at a grade comparable with all but the top three or four South African mines ensures its place as a world-class mine. The mine should come into production early next year, well ahead of the two others which are being constructed by Teck and Lac Minerals.

What is startling about Golden Giant, as Gil Leathley, a Scot who is Noranda's mine manager on the site, points out, is the planned eventual extraction rate—4,000 tons of ore a day. In Canada a typical gold mine would treat between 500 and 1,000 tons a day.

Both Noranda's Golden Giant and the Teck mine have their headframes in position—the structure which straddles the top of the shaft and houses the hoisting gear and storage bins for ore and waste rock. But where Teck has only just completed the installation of basic services such as power, Noranda has already built much of the processing plant.

In addition, Teck's shaft is at present only about 50 ft deep while Noranda's is 400 ft down on the way to its target depth of 4,000 ft.

A loser in the Hemlo gold rush is, in a sense, the Toronto Stock Exchange, which seems to have accepted the popular verdict that it was too strictly regulated to be able to play a significant part in the financing for a venture such as Hemlo at the outset. The change has recently started permeating with a formal junior listing for the risk enterprises.

The Vancouver Stock Exchange and Murray Pezim, in contrast, have grabbed plenty of headlines for their part in Hemlo's development. One of Pezim's latest moves is to use the capital-raising qualities of the Vancouver market to allow some members of his group companies to find other Canadian exploration projects ironically, in partnership with Noranda.

The big winner, though, looks likely to be Lac Minerals. It did not have to buy its way into Hemlo by doing a deal with one of the junior companies but quietly picked up its huge acreage while nearly everyone else was dismissing the area's potential.

All involved in Hemlo, however, face an additional uncertainty in the legal squabbling over ownership—which is not uncommon in big mining discoveries. Lac's chairman, Peter Allen, is sanguine: "Experience suggests that nothing will be allowed to stand in the way of the rapid exploitation of this world-class deposit." This implies that the groups involved will find a compromise.

A settlement may be harder to achieve with the other group claiming ownership in Hemlo—the Northern Superior Ojibwa Chiefs' Council, representing 2,000 Red Indians, who have announced their intention of taking their case to court.

However, there are no signs of panic among the mining companies. No one seems able to recall the last time the Indians won a battle on Canadian soil.

What, though, happened to the man who discovered Hemlo? No one knows what McKinnon made out of the discovery in financial terms. At last sighting, he was being feted as one of the stars of the annual convention of the Prospectors and Developers Association in Toronto. But amid all the admiration, he gave the impression of a man more at ease with rocks than people.

"A prospector gives his life to hunting for metals," he says. "He risks his very existence on snowshoeing through the wilderness, flying in planes with pilots who will try to land anywhere, once, and sitting in the fog beside lonely lakes and ice floes hoping someone is going to come and look for him when it clears."

Weekend Brief

Picket lines undermined

Squinting into the bright midmorning sunshine, picketing miners sit outside the pithead offices of the National Union of Mineworkers at Bolsover colliery, which nestles below the castle-topped crag on which the north Derbyshire market town is perched.

Strikebreakers who make up the 6 am early shift have long since gone in. The few policemen patiently waiting at the pit gates are relaxed and jovial.

All that disturbs the rhythmic tedium of picketing—bursts of activity as the shifts change, interspersing long stretches of just hanging around — is the extraordinary sight, just feet away from the pickets, of lorries laden with coal rumbling out of the pit and undermining the strike — with no action being taken by the pickets to stop them.

Hard evidence on the transport unions' ban on the movement of coal and coke — as opposed to NUM president Mr Arthur Scargill's proud pointing to the statements of support from transport union leaders—is difficult to obtain.

In art, this is due to the reluctance of the employers involved to break their own solidarity. British Rail has finally admitted that the number of coal trains it is now able to run is down to 10 per cent of normal.

If the railwaymen's action is biting, then down on the ground, at the pits, the impressionistic judgment seems to be that in the number of areas where miners are still working, the Transport and General Workers exhortation to lorry drivers not to move coal is having little effect.

Take Newstead colliery, in south Nottinghamshire. This week, the return to work following the Easter break, the 6 am shift was barely two minutes old when three lorries from a small haulage company just two miles up the road in Kirkby in Ashfield rolled through the pit village and into the mine to start loading up.

Like many of the Newstead miners themselves, who had gone into work half an hour earlier, the three trucks didn't even stop at the picket line—lightly restricted by the police to only six people—but drove straight through. Even so, at Newstead the lorries prompted a wave of shouts of "Scab!" At Bolsover, the laden lorries leaving the pit roughly every five minutes or so produced nothing from the nearby pickets.

Why not? "Well," said one burly miner outside the NUM office there, "when all this started, we did try. The lorries were coming out, and the lads here were bloody furious. But most of the drivers are in non-union firms, so the T and G can't do anything.

"We spoke to the drivers at first, and they said 'Well, if I don't cross your picket line, I'll get the sack. Then they'll get someone else in, and they will cross the line. So I'm carrying on.' What can you say to that?"

As the lorries pulled out of the pit, the names of their companies, painted on the sides of the cab doors, were clearly visible. Three flying pickets from Yorkshire—admittedly, fresh in Bolsover—started scribbling down the firms' names, saying they would soon get this lot stopped. More realistic, the Bolsover pickets looked on, knowing that the likelihood was that they wouldn't be able to.

Bolsover is in many ways a special case in the current dispute. Staunchly proletarian, dominated by mining, and fiercely Labour, Bolsover was always regarded in the union's terms as a moderate pit, according to NUM branch secretary Mr Geoff Poulter.

Not any more. Since the start of the dispute, Bolsover miners have been struggling to get their strike made official. The pit is in the North Derbyshire area of the National Coal Board, where every pit has been out since the beginning. But because the NCB and NUM areas don't always overlap, the 1,040 miners at Bolsover come under the Nottinghamshire area of the NUM, which has voted not to strike.

The crackling tensions this has produced are matched only by the frustration for the Bolsover miners of watching the coal-filled lorries chip away at their strike's effectiveness and value.

Immediately opposite the pit gates and the NUM offices there is a large, open area used for storing coal. Much of it by now is what Mr Scargill terms "degraded"—coal which is deteriorating towards uselessness because it has been out in the elements for too long.

This degraded coal is a crucial factor in Mr Scargill's relative optimism about the size of the available coal stocks, and therefore the length of time the NCB, the Central Electricity Generating Board and the Government can withstand the strikes. Mr Scargill suggests that it may amount to as much as 20 per cent of current stocks, but what is happening at Bolsover may be an indication that the position may be more complex.

Instead of pulling away from the pit, and driving off to feed the large Trent Valley power stations nearby, the lorries were drawing up to the coal stocking area and dumping their loads. A mechanical shovel was then mixing up the new, fresh coal with the old, supposedly "degraded" stock, and then loading it back on in the trucks for transporting to the power stations.

"It's time to get the gloves off," says Mr Poulter. "We've got to throw these people out of the union. They might take us to court, and it might cost us thousands, and we'd probably lose, but we've got to do something against them."

It's not clear what. Still Mr Poulter and the Bolsover strikers may have more success with their own people than with the lorry drivers themselves.

Sales soar in the sunshine

If the sun continues to shine over Britain this weekend — and the weathermen say that it will — then the past month will have become the sunniest April on record. All very well for those taking a prolonged Easter holiday, but causing something of a headache for some companies for whom the unseasonal sunshine has been rather unexpected.

Ice-cream sales, for example, have soared — by as much as 60 per cent — as the sun has continued to shine. "We expected to do well over Easter," says a spokesman for Lyons Maid, "but we have been a bit caught out by the continuing fine weather."

The ice-cream manufacturers do not normally expect this sort of weather until late May and early June and so gear up their production and distribution to meet peak demand at that time. "But we're pretty close to our peak operation now as we try to meet the demand from all parts of the country for extra supplies," says Lyons Maid.

"The ice-cream industry has fond memories of the 1976 heatwave when a record 321m litres of ice-cream were sold. Last year's hot summer led to a total of 318m litres of ice-cream being licked, the best level of sales since 1976. This represented an average of 85 ice-creams eaten per person last year — adding up to 5.7 litres each — which is still way behind consumption in the U.S., where average consumption per head is the highest in the world at 20.4 litres.

But whatever the logistical problems in distributing sufficient ice-creams to meet demand, the companies are not complaining. Nor are the big brewers who are enjoying an unexpected Spring bonus in beer drinking to make up for the rather depressed level of sales over the past year as the recession has taken its toll. Beer drinking, like ice cream sales, is highly sensitive to the weather: a prolonged sunny spell can make all the difference in profitability for publicans and brewers alike.

A really hot summer — as happened in 1976 — can also produce marked changes in drinking habits. Lager sales, for example, had made little impact with British drinkers until that summer. But as traditional British beers ran into short supply, so drinkers switched to lager — and liked the taste so much that now more than a third of all beer drunk is lager.

The raid on Mickey Mouse

Mickey Mouse is frowning, Donald Duck looks a bit down in the mouth and there are "warlike" murmurings coming from the normally peaceful Fairy Grotto. What that all spells is trouble in Walt Disney's magic kingdom, where the entertainment group's corporate moguls have been rudely awakened by one of America's famed band of marauding "sneak" share-stake buyers.

In Walt Disney's case trouble comes in the sizeable and much feared form of Saul Steinberg and his Reliance Group Holdings company—a $2bn-a-year private insurance, property, energy and investment group moulded by the now-secretive but still controversial Mr Steinberg into his own aggressive image.

This week Mr Steinberg, a veteran of corporate takeover battles who, together with his family-controlled companies, has been gradually building up his stake in Disney, sent the alarm bells ringing in the U.S. entertainment group's Burbank, California, headquarters by signalling his intention to acquire up to a 25 per cent stake in Disney.

The Reliance Group had already spent $176.9m acquiring a 9.3 per cent stake in Disney since last month, sending Disney's stock soaring despite disappointing second quarter earnings and further fuelling raging speculation about a possible takeover bid.

But Mr Steinberg's unwelcome attentions have received a sharp rebuttal from Disney's executives who—flush with success of the group's successful if rather "spicy" film called "Splash" featuring a scantily clad mermaid—insist the company is not up for sale.

Following the Reliance Group's latest move, undertaken by its wholly-owned Reliance financial subsidiary, Walt Disney Productions board went into a huddle and issued what one insider is terming "a declaration of war."

The concern of Mr Ron Miller—president, chief executive and divorced son-in-law of the original Walt, and the Disney board's concern is understandable. Reliance can now be added to a lengthening list of rumoured suitors. But Reliance and Saul Steinberg are different. Mr Steinberg, aged 44, has built up almost an unrivalled reputation as a "financial genius" — but with a highly controversial past — on Wall Street.

Starting with a $25,000 loan from his father, the New York-born financial whiz-kid who graduated from Wharton business School in Philadelphia, built up his financial empire starting with a computer leasing firm called Leasco in 1961. Seven years later he acquired control of Reliance Insurance and subsequently, after a series of complex moves, took both companies private in a $550m deal in 1981 and merged them into Reliance Group Holdings.

Today, he shuns a colourful personal past which found him mentioned in the New York gossip columns almost as much as in the business pages, and Reliance Group executives and the group's external Press relations firm politely tell inquirers that "Mr Steinberg does not give interviews."

Contributors:
Philip Bassett
David Churchill
Paul Taylor

BUILDING SOCIETY RATES

	Share a/cs %	Sub'on shares %	Others %	
Abbey National	6.25	7.25	7.25	Seven Day Account
			7.75	Higher Interest acc. 90 days' notice or charge
			5.00-6.50	Cheque-Save
Aid to Thrift	8.50			
Alliance	6.25	7.25	7.25	Monthly income—3 months' notice
			7.50	28 days' notice. Imm. withdwl., 28 days' penalty
			7.25	7 days' notice. No interest penalty
Anglia	6.25	7.25	7.75	3 year Bond. No notice. 3 months' penalty
			7.50	Capital Share. No notice. 1 month's penalty
			7.25	7 days' notice. No interest penalty
Birmingham and Bridgwater	6.25	7.75	7.25	5 days' notice or 20 days' int. pen. £500 min.
			7.75	Guaranteed fixed rate. 12 months. £500 min.
Bradford and Bingley	6.25	7.25	7.25	7 days' not. no loss of int. or imm. wdl 1 m loss of int.
			7.25	7 days' notice or on demand
Britannia	6.25	7.25	7.25	7 days' notice. 7.50 28 days' notice
Cardiff	7.25	7.75	*7.50	*Share Account balance £10,000 and over
Catholic	6.50	7.50	7.75	@ £5001 +. Monthly int. Extra Share
Century (Edinburgh)	7.75	—	8.75	Variable 8.85 Permanent 2/3 years
Chelsea	6.25	7.25	7.75	Immed. withdrawal (int. pen.) or 1 mth's not.
Cheltenham and Gloucester	6.25	7.25	7.50	Gold account £1,000 +. No notice. No penalties Monthly interest £5,000 min. 7.76 if added to account
Citizens Regency	6.50	8.00	7.40	Plus account no penalty. Double option 7.50
City of London (The)	6.50	7.25	8.00	6 months' notice—no penalty during notice
Derbyshire	6.25	7.50	8.00	7.25 1 month's not., 6.75-7.60 3 months' notice
Greenwich	6.25	7.50	7.25-7.50	subject to bal./7 days' notice
Guardian	6.50	—	7.75	3 months' £1,000 minimum
Halifax	6.25	7.25	7.25	Xtra Interest. 7 days' notice, no penalty
			7.50	Xtra Interest PLUS 28 days' notice, no penalty
			7.75	Special Inv. Cert., 3 months' notice/penalty
Heart of England	6.25	7.50	7.25	5-day notice. 7.25 Flexi-Term
Hemel Hempstead	6.25	7.50	7.75	3 years 7.60 28 days, 7.35 over £5,000
Hendon	7.25	—	7.75	3 months
Lambeth	6.40	7.50	8.05	28 days' plus loss of interest 7.25 3 months'
Leamington Spa	6.35	—	7.50	Spa Income, monthly no notice no penalty. 7.75 Lion 30 days' notice or pen £1,000 min.
Leeds and Holbeck	6.25	8.00	7.75	3 yrs., monthly int. 7.75 1 mth., notice or pen.
Leeds Permanent	6.25	7.25	7.50	Ex. Int. £500 min. 28 days' notice/penalty
Leicester	6.25	7.25	7.98	compound, 3 years, 7.25 3 months
London Permanent	6.75	—	7.75	1-year term. Imm. wdl. with loss of 1% bonus
Midshires	6.25	7.75	7.75	3-yr term with 0.5 bonus on mat'y if reinv'td.
Mornington	7.50	7.50	—	Immediate withdrawals—no penalty
National Counties	†6.55	7.55	7.80	1 month notice (no penalty). †£1,000+
National and Provincial	6.25	7.25	7.50	1 month's notice or immediate and interest loss
Nationwide	6.25	7.25	7.75	Capital Bonds. 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 7.25, £500 minimum withdwl. with 28 days' loss or notice
Newcastle	6.25	7.50	7.75	4 yrs., 7.25 28 days' notice, or on demand with penalty, 7.50 90 days' notice, or on demand with penalty
Northern Rock	6.25	7.50	7.50	Moneyspinner plus. 7 days' notice wdl. No pen. min. invest £10,000
			7.25	On invests. £1,000-£9,999
Norwich	7.25	8.50	8.50	City Acc. Immed. withdls. with no penalty
Paddington	6.75	8.25	7.75	1 mth's not. or 1 mth's int. loss on sums wdn.
Peckham	7.00	—	7.50	7 days, 8.0 3 months
Portman	6.25	7.75	7.75	Two months' notice, 7.25 no notice
Portsmouth	6.55	8.05	8.40	5 years', 8.00 6 months', 7.75 3 months'
Property Owners	6.75	8.00	7.75	28 dys', 7.75 3 mths', 8.10 6 mths', 7.50 mthly inc
Scarborough	6.25	7.50	7.25	Money Care and Free Life Insurance
Skipton	6.25	7.50	7.25	Sovereign £1,000+, 7.50 £5,000+, 7.75 £10,000+, No penalty. No Notice. Mthly Income
Stroud	6.25	7.50	7.85	3 mths', 7.60 £10,000+ no penalty, no notice
Sussex County	6.25	8.00	7.25	7 days' notice, 7.50 SxSh, 6.50 Sh a/c £2,500+
Sussex Mutual	6.50	8.00	7.75	Monthly income at 1 month's notice
Thrift	7.15	—	8.15	3-year term. Other accounts available
Town and Country	6.25	7.25	7.75	3 yrs' ½ yrly. int. Monthly income wdl facility
			7.50	7 days' notice no interest penalty. ½yrly int.
Wessex	7.60	—	—	No notice. No penalties
Woolwich	6.25	7.25	7.25	7 days' notice
			7.50	28 days' notice or on demand (interest pen.)
Yorkshire	6.25	7.25	7.75	Diamond key, 60 days' penalty or 28 days' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Flight Refuelling up 66% to £7.6m

Flight Refuelling (Holdings) enlarged by the acquisition of the Huntleigh Group last August lifted taxable profits up by 66 per cent from £4.55m to £7.56m in calendar 1983.

Excluding the results of Huntleigh, the company accounted for £5.26m, against £3.75m, of total profits.

The results have been prepared on a merger accounting basis, with the effect to present the financial statements as if Huntleigh had been combined with Flight throughout the two year period.

Combined group turnover of this manufacturer of specialised equipment for aircraft, energy and electronic industries expanded from £45.29m to £48.1m.

Gross profits came out at £16.11m, compared with £13.37m. Operating profits amounted to £7.3m (£4.68m) and the taxable result was struck after provision for share of incentive scheme of £115,000 (£82,000) and an associates loss this time of £14,000. Net interest receivable added £293,000 (payable £41,000).

Shareholders will receive a higher final payment of 1.6p on the enlarged capital for a higher payout of 2.5p (adjusted 2.01p). Earnings per 25p share moved ahead from 7.77p to 12.59p.

Looking ahead, the directors are confident that further growth in the group's level of activity will be achieved in 1984.

An analysis of turnover and pre-tax profits reveals that the former Flight Refuelling group accounted for £31.68m (£27.91m) and £5.26m (£3.75m); retained Huntleigh companies £11.22m (£9.27m) and £2.07m (£1.1m); Huntleigh companies sold during 1983 £5.21m (£8.11m) and £226,000 (£295,000).

Huntleigh as at the date on which the offer became unconditional, and after the sale of various companies back to certain members of the Huntleigh management, consisted of The Hymatic Engineering Company and Hymatic Clamps International, together with the Huntleigh Group which had its administration absorbed by Flight Refuelling. These companies achieved trading profits in excess of the £2.3m forecast at the time of the merger. However, Hymatic Clamps did not achieve its individual forecast made at that time.

Tax for the year took £1.58m (£863,000), leaving net profits up at £5.98m (£3.69m). There was an extraordinary credit below the line this time of £1.5m, after which attributable profits emerged at £7.49m (£3.69m). The retained surplus will be £6.3m (£2.74m) after dividend payments of £1.19m (£955,000).

● **comment**

The figures from the new enlarged Flight Refuelling are just as forecast at the time of the Huntleigh merger—£7.3m at the trading level. The group's cash pile is mounting fast, with a net £7m in the year-end balance sheet, and a further £1.6m to come from the remarkably advantageous sale of Hymatic Clamps. There is also £0.6m due as extra consideration for last year's sale by Huntleigh of some of its businesses to Laporte; the deal raised a net £2.4m last year, more than accounting for the £1.5m extraordinary credit in the figures. Worries over last year's senior management departures now seem to be dying down, and the only cloud on the horizon seems to be the reworking by the MoD of the target rate of return on defence contracts. The new inflation-adjusted system should not in principle be worse than the old, but will rule out the windfall profits produced by falling inflation in 1983. Current year pre-tax should reach £10m, which on a post-Budget 30 per cent tax charge would put the shares—up 9p at 279p—on a prospective multiple of 20.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Trust ... int.	1.6	June 22	1.6	—	4.6
Henry Boot	11.5	—	11.5	14.5	14.5
Bremner	2	July 6	1.7	2.5	2.2
Clayton Son	3	May 24	5.07	3·	6
Downiebrae	Nil	—	0.3	—	0.3
Drayton Trust ... int.	2	May 25	2	—	8.5
Flight Refuelling	1.6†	July 6	1.27*	2.5†	2.01*
Hopkinsons Hldgs.	4.15	—	3.32*	5.35*	4.52*
Lowland Invest. ... int.	2.3	June 19	2.1	—	5
Sunlight Service	5.5	—	3.64	7	4.39
Towles	2.4	July 1	2.4	2.4	3.4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Sunlight Service lifts profit to £3.6m

HIGHER TAXABLE profits of £3.55m, against £2.81m, were achieved by London-based laundry and dry cleaning concern Sunlight Service Group in the 12 months to end-December 1983.

Most of the improvement was achieved in the second half with profits moving ahead from £1.54m to £2.37m, on turnover of £20.37m, against £18.61m. Total turnover for the year amounted to £39.57m (£37.82m).

Earnings per 10p ordinary rose from 17.51p to 19.94p and the final dividend is being lifted to 5.5p (3.64p) for a higher total payout of 7p (4.39p).

Tax took £1.11m (£683,623) and minorities added £8,858 (£7,483) to give a net profit before extraordinary items of £2.45m (£2.13m). After dividend payments and extraordinary debits of £372,317 (£361,444) the balance was unchanged at £1.2m.

On a Current Cost accounting basis taxable profits were reduced to £2.2m (£2.5m), and earnings per share came out at 17.3p (15.03p).

● **comment**

There are no surprises in the Sunlight Service Group results for the year to December. It forecasts a £3.5m in February when it acquired St George's, the linen rental company, and Nicholson group, which manufactures and rents workwear. Main volume growth last year came from linen hire which benefited from the tourist boom, resulting in higher occupancy levels in hotels. With the merry-go-round of laundry bids and counter-bids over for the while, Sunlight has been concentrating on buying up a number of small businesses with a net aggregate profit of perhaps £500,000. The sector has unexciting growth prospects so Sunlight can really only expand significantly through acquisition. The loss-making St George will take some time to turn round, though management is confident that it should be integrated by the end of 1984. It will have to work hard to make up for the dilution of earnings resulting from the 2.96m shares issued in February. The acquisition of Security Arrangements in December for £1.2m, which provides security and courier services in London and the South East, is a useful addition to Sunlight's small security division and could prove a significant contributor to profits in the medium term. With so many purchases to digest Sunlight will be lucky to make £4.3m this year. The shares, up 3p at 243p, sell on a prospective p/e of 11.5.

Halstead to contest £12m bid from British Syphon

BY RAY MAUGHAN

MR BRYAN MORRALL and Mr Christopher Shaw, respectively chairman and managing director of British Syphon Industries, have turned their attention back to James Halstead Group with a contested bid worth £12.44m for the company they left 13 months ago.

Terms of the all equity offer, which has not been underwritten, comprise five Syphon shares for every four ordinary shares in Halstead. After a 3p fall to 31p yesterday, Syphon's terms value Halstead at 88½p per share. However, Halstead's shares were running well ahead of the bid yesterday with a 21p rise to 99p.

The bidder, which makes drinks dispensing equipment, said yesterday that its "objective is to build up a substantial group of manufacturing companies concentrating on product ranges having brand identity and substantial market share." It added, "Halstead meets these criteria."

Mr Morrall pointed to his track record as chief executive at Halstead when turnover and pre-tax profits increased by 142 per cent and 853 per cent respectively. But, he noted, Halstead has recently announced its interim results showing a 26 per cent drop in pre-tax profits in the period to December 31 despite a 17 per cent rise in turnover. Halstead makes floor coverings and waterproof clothing.

Syphon is supporting its offer with a forecast that profits will be about £1m this year against £412,000 before tax and extraordinary items for 1983 which, in turn, compares with an adjusted loss of £559,000 for 1982. Group debt, after the sale of two subsidiaries recently, has been cut to 30 per cent of net worth.

Mr Morrall said that he felt that the role played by himself and Mr Shaw at Syphon had become "largely supervisory" and added that after substantial rationalisation at Syphon, "we are now looking at what we can do for an encore."

He claimed that "if Halstead had replaced us after we left, we would not have had a chance with a bid, it would have left us far behind, but we haven't been replaced."

Halstead's 26 per cent interim shortfall stands closer examination since profits of £762,000 were struck after absorbing losses of £554,000 in the travel division, notably the Wigwam International coach camping operation.

As Halstead sees the position, Wigwam, which was acquired one month before Mr Morrall left, operates in a narrow, price-sensitive segment of the holiday market where highly competitive trading conditions have eroded margins to the point of disappearance.

Mr Stephen Knight, finance director of Halstead, said yesterday that "we have determined what we shall do to solve Wigwam's problems," but since the business is still taking bookings and will expect to do so have got to run it until the end throughout the summer, "we of the season."

Mr Morrall believed that Wigwam's problems stem from Halstead's failure to appoint an experienced holiday travel manager to run Wigwam. "We would have to decide within seven days what we should do with the business. I am sure we could solve it. We have not come across a problem yet we could not solve."

He was confident that the substantial growth at Halstead during his stewardship can be re-established. He felt that a combination of British Syphon and Halstead will create a very strong base of manufacture businesses from which to continue their development.

Syphon is advised by English Association Trust while Halstead is advised by the Manchester offices of N. M. Rothschild.

Second half boosts Hopkinsons to over £5m

A SHARP upturn in second half profits has given Hopkinsons Holdings, a Huddersfield-based manufacturer of boiler mountings valves and a range of other control equipment, record profits for the year ended January 27, 1984.

Pre-tax profits for the second half of the year moved up from £1.91m to £3.11m taking the total to £5.02m, compared with £3.37m. This was achieved on a turnover up £2.79m to £57.5m.

At the interim stage the directors took an unenthusiastic view of the year. They said that worldwide demand from industries served by the group continued at a low level and for the work available competition was again encountered. They said that order books remained "generally satisfactory and higher profits for the year seem attainable."

The dividend total for the year is effectively raised from 4.52p to 5.35p per share, with a final of 4.15p. This total requires £873,883 (£738,266).

At the operating level profits emerged ahead from £3.23m to £4.84m. Taking in interest received and other income received of £177,000 (£144,000), and charging tax of £2.08m (£1.26m), the attributable balance comes through at £2.94m (£2.11m). This gives stated earnings per 50p share of 17.91p (12.78p).

Current cost accounts show a pre-tax profit of £2.81m (£750,000) and earnings per share of £4.37p (3.26p).

● **comment**

Hopkinsons has about it an air of solid quality. A modest 5 per cent increase in sales, generated a 50 per cent rise in operating profits, achieved by improving trading margins from under 6 per cent to more than 8 per cent in the face of severe price competition and depressed demand worldwide. Hopkinsons will not say exactly where the higher profits came from—but the best performer is clearly the group's biggest business, valves for power stations. This is benefiting from contracts for the Torness and Heysham stations, which are expected to bring in good profits until the end of 1984. Beyond that the outlook is rather uncertain, but the group is hoping to increase exports, now about one-third of sales, and to raise profitability by increasing technical content. Hopkinsons is also looking for ways to invest a £4.5m cash surplus—a small acquisition was made last year, but this is not a group to spread its wings dramatically. Pre-tax profits of £5.5m look possible in the current year. The shares, up 2p at 125p, look attractive on a p/e of less than 6, assuming a 40 per cent tax charge and yield 6.3 per cent.

Midland Inds. shares suspended

TRADING in the shares of Midland Industries, the engineering and foundry group, was suspended yesterday following Thursday's sharp fall in their value. The company's board was preparing a statement expected to be made in the next few days.

After Thursday's 9p slump to 7p in the share price, the Wolverhampton-based company's board held an emergency meeting in London early yesterday morning. Hill Samuel, which became Midland's financial adviser only this week, advised the board to request a trading halt because of market rumours about the company's financial health.

The shares rose 3p to 10p in the first 35 minutes of stock market business. Midland's listing was then suspended at the company's request pending an announcement, and no further statement was made yesterday.

When the company makes its statement it may publish its 1983 results, which are not expected to show much improvement over the £1.83m loss, on turnover of £14.2m, reported for the first half.

Midland has been holding talks with its banks, which are led by Bank of Scotland and National Westminster Bank. At the end of 1982, the latest date for which figures are available, the group had debts of £12m falling due within a year and £4.7m due after more than a year.

In 1982 Midland recorded pre-tax profits of £551,000 on turnover of £24.76m. It paid a total dividend of 2.5p per share in 1982 but passed the interim payment in 1983.

A further factor in the share price fall was the sale by Swiss-based businessman Mr Edward Nassar of 300,000 shares, or 2.? per cent of shares. The shares were part of a holding disclosed earlier this month, and brokers believed Mr Nassar's stake was now below the 5 per cent level above which sales and purchases of shares must be disclosed.

Platignum cuts deficit to £459,000

CONTINUING PROGRESS has been made at Platignum with pre-tax losses for the year almost halved and a small trading profit reported in the second half.

On turnover of £7.86m against £7.41m this maker of writing instruments and plastic mouldings produced lower pre-tax losses of £459,000 compared with £860,000 for the year to the end of January 1984.

At the halfway stage pre-tax losses were down from £406,630 to £328,343 which the directors felt was disappointing in relation to expectations, although they pointed out that the company was still making progress. At the end of the last full year they had said that actions taken should show a substantial turnround during the current year.

For the year under review both the final ordinary and preference dividends have been passed—there was no ordinary payment in the last full year. Losses per ordinary 5p stock unit are shown as 1.02p (1.78p).

After extraordinary debits, including relocation costs, of £1.49m (£145,000) attributable losses came to £1.94m (£856,000).

While UK pen sales for the first three months of this year have been affected by the company's ability to deliver as a result of relocation to Royston, the directors say there is a strong order book for the second quarter.

Both the plastics division, which remains at Stevenage and Market Wise, started the year well and are trading profitably, they say.

Maintained sales and continued overhead reductions resulted in the small trading profit in the second half.

Since the company last reported, the directors say the Stevenage property has been sold with phased completion and consequently tangible assets have been reduced.

The sale will produce a further £1.7m cash over the next two years. The pen division and headquarters have moved to a new factory in Royston and provision has been made in the accounts for redundancies and removal expenses, substantial stock write-offs and other related items not transferred to the new site. The opportunity has also been taken to write-off goodwill arising on consolidation in earlier years.

At the trading level losses were reduced from £466,000 to £191,000. Interest costs rose from £148,000 to £268,000—last time there were also exceptional debits of £246,000. Tax credits were down from £149,000 to £11,000.

Extraordinary costs were made up as to: profit on disposal of property £277,000; losses attributed to businesses closed £323,000; redundancy costs £151,000; stock, additional depreciation and other provisions relating to factory relocation £1.09m; and write-off of goodwill on consolidation of £300,000.

● **comment**

Shareholders might be forgiven for asking themselves whether Platignum will forever be promising jam tomorrow. To be fair, the directors are soft-pedalling on the confidence this time and the group did make a small trading profit in the second half for the first time in three years. All re-organisation costs seem to be out of the way and the interest costs should start to drop away to nothing as the proceeds of the sale of the Stevenage factory flow in. The new Royston plant should permit significant overhead reductions. Platignum's markets are as tough as ever, but an agreement to make own-brand pens for two major high street multiples will add several hundred thousand pounds to the current year's sales. Having revamped most of its existing product lines, the group will launch a new range of roller balls, fine liners and fibre pens in August—the most buoyant sector of the industry, but also a tightly held preserve of the Japanese and Americans. Platignum aims to match its larger competitors' prices, and rely on design plus a strong local sales force. The shares rose 1p to 8½p, valuing the group at £3.7m.

Slight downturn at Henry Boot

Contrary to the directors expectations, Henry Boot & Sons finished the year 1983 with slightly lower taxable profits of £2.15m, against £2.19m, on turnover some £15.42m higher at £106.83m.

At halfway, profits of this construction, joinery, engineering, property, plant and financial concern were marginally ahead at £255,000 (£221,00) and the directors expected to show some although not significant, improvement at the year end.

With the tax charge down from £587,000, to £249,000, net profits emerged higher at £1.91m (£1.6m) Earnings per 50p ordinary rose to 35.6p (30p). The final dividend is held at 11.5p for an unchanged total of 14.5p.

Attributable profits totalled £1.91m (£1.42m) after minority credits of £2,000 (£10,000) and an extraordinary debit last time of £190,000.

Bremner

Pre-tax profits of Bremner, the Glasgow-based general warehousing company, dipped from £143,340 to £126,402 in the year ended January 31 1984, on a turnover marginally ahead at £3.91m compared with £3.8m.

Shareholders are getting an increased dividend, a final of 2p per 25p share raises the total from 2.2p to 2.5p: which is again just covered by earnings of 2.53p (2.2p).

BIDS AND DEALS IN BRIEF

The directors of Martin The Newsagent wish to state that they are not aware of any reason to justify the recent share rise in the company's share price.

* * *

Watmoughs (Holdings) has agreed to purchase for cash London-based Heron Press (Group). The total consideration will be some £125,000 based on Heron's net assets at March 31 1984. The acquisition, effective from April 1 1984, is in line with Watmough's policy of diversifying into specialist printing markets.

At the AGM of Watmoughs, the chairman reported that the current year had commenced fully in accord with expectations. Turnover for the first three months to the end of March was more than 15 per cent higher than the same period last year.

* * *

The transfer of Weekend Plus, a free local newspaper owned by P. & H. Publications, to Essex County Newspapers, a wholly-owned subsidiary of Reed International, is not to be referred to the Monopolies and Mergers Commission.

Weekend Plus incorporates the Watford Plus and the Leighton/Dunstable Plus. Certain assets of the newspapers are also being transferred along with leasehold premises used in the publication of the newspapers.

* * *

The recommended offers from Marston Thompson and Evershed for Border Breweries have become unconditional in all respects and the proposals to acquire the outstanding Border debenture stock have been approved and are binding on all debenture stock holders.

Marston has now acquired or agreed to acquire a total of 5.23m Border ordinary (97.29 per cent) and 111,068 debenture (74.04 per cent).

The offers remain open for acceptance until further notice.

* * *

Lucas Industries has completed negotiations for Valeo to take over full control and ownership of its French partnership company Ducellier. Ducellier losses in 1982-83 were nearly £8m (of which the Lucas share was 50 per cent) and in 1983-84 have continued at the same level despite vigorous corrective action including reductions in personnel.

Lucas and Valeo have agreed to bear their share of the trading loss for the first seven months of 1983-84 and to contribute to the present redundancy and rationalisation programme amounting to £3.4m each. The existing Lucas investment in Ducellier has already been written off in the Lucas Industries balance sheet.

* * *

The Becker group offer for Donald Macpherson has been accepted in respect of 47,716 ordinary (0.26 per cent).

Becker now holds or has received acceptances for a total of 947,716 ordinary (5.23 per cent). The offer will remain open for acceptance until 3 pm on May 16.

* * *

Norman Bailey Aviation has agreed to purchase Shiristar Aviation and Via Nova Properties which carry on aircraft maintenance at Bournemouth/Hurn Airport, for £150,000.

The purchase price will be satisfied by allotment on completion of 500,000 25p ordinary shares in Norman Bailey, conditional on shareholders' approval. Brencham, whose subsidiary owns 1.27m ordinary Bailey shares (57.35 per cent), has undertaken that its subsidiary votes in favour of the acquisition.

Brencham has also agreed to purchase or procure purchasers for the consideration shares for £150,000. Brencham has indicated that it intends to retain 358,599 shares which will increase its holding in Bailey to 1.62m shares (60 per cent of the enlarged capital). Harvard Securities has undertaken to purchase or procure purchasers for the remaining 249,000 shares.

Bailey considers the acquisition presents the opportunity to expand the aircraft maintenance business of Glos Air at Hurn Airport, and will provide much needed additional hangar space for the group.

* * *

As at April 26 acceptances had been received in respect of 287,528 existing ordinary shares of Weber Holdings, representing 61.85 per cent of the share capital.

The British Linen Bank now advises Weber shareholders that the offer will be extended until 3.30 pm on May 14 and will not be open for acceptances beyond that date.

* * *

Booker McConnell has sold Health Supply Centre, its health food retailing subsidiary in Canada, for a nominal consideration. HSE incurred a loss of C$425,000 (£235,000) in 1983.

* * *

Vantona has received acceptances in respect of 563,460 preference shares (78.25 per cent) of F. Miller (Textiles).

The preference offer is now fully unconditional. The cash alternative will remain open for a further 14 days until 3.00 pm on Friday May 11. The share consideration alternative will however remain open for acceptance until further notice.

* * *

Hanson Trust shareholders have approved the $531m (£378.7m) tender offer for U.S. Industries.

COMPANY NEWS IN BRIEF

Losses were reduced at Buckinghamshire-based motor part dealer Rock in calendar 1983 and the company is confident of achieving a profit in the current half-year.

Pre-tax losses amounted to £274,186, against £347,506, with turnover considerably higher at £4.2m (£975,854). The losses included exceptional items of £106,012 (£251,282).

Following the extensive rationalisation and reorganisation, the directors say that the original business is now soundly based and pointed in the direction of growth. The acquisition of the companies comprising the small tools division of W. E. Norton (Holdings) has, they point out, given the company a strong position in the industry in which they operate.

There was no tax charge (credit £563) but there was an extraordinary debit this time of £667,842. The loss per share was 1.82p (2.89).

The company was formerly known as Rock Darbam.

* * *

Mr A. Luksic, chairman of Antofagasta Holdings told the annual meeting "we have never had a better year in the history of the railway."

Assuming that international trade remains as buoyant as it has been, there is no reason to doubt that 1984 will be another good year.

Notwithstanding this, he said that the results and traffic for the first three months were below budget, mainly because wheat forecast for delivery to Bolivia will not be moved until April and May.

However, copper and molybdenum shipments are satisfactory and the new lithium traffic will begin to move in April.

* * *

Berry Trust forecasts an effectively maintained dividend of 0.95p for the year ended August 31 1984.

Dividends and interest on investments for the six months ended February 29 1984 increased from £670,000 to £1.19m. Profits, less losses, on dealings in investments by subsidiaries were £123,000 (£207,000). Pre-tax profit amounted to £207,000 (£116,000), after interest of £828,000 (£573,000).

Earnings per 25p share are 0.34p (0.12p). Net asset value was 176p (148p at August 31 1983). Mr Richard Thornton has resigned as a director.

* * *

Net asset value per 25p share of Lowland Investment Co, rose from 189.1p to 227.4p in the six months to March 31, 1984, and compares with 157.2p a year previous.

Investment and short term income increased marginally to £332,194 (£323,554) and other income amounted to £6,326 (£4,898). Interest charges and administration expenses took £11,994 (£6,513) and £22,538 (£23,006) respectively.

The interim dividend is stepped up from 2.1p to 2.3p net with earnings shown as 2.66p (2.69p).

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

De Vere Hotels and Restaurants, a target for speculation since an agreed bid to buy the 51.4 per cent stake held by chairman Mr Leopold Muller was aborted last December, has received a number of further approaches concerning the possible acquisition of the company. Original bidder Selfpost, a privately-owned concern whose offer fell through because it failed to provide sufficient financial assurances, is not involved this time. Because of the recent speculative activity in De Vere's shares, the company has cautioned that price indications given in discussions with interested parties are below the current market price.

Close monitoring of the **Distillers'** share register revealed that GEC had built up a near 3 per cent stake in the leading Scotch whisky group. Distillers' investigations identified GEC as a significant shareholder at the end of February when bid speculations in the company's shares was rife. Confirming its holding, GEC stated that it regarded its shareholding as a portfolio investment offering a good dividend yield.

Quilter Goodison, whose senior partner is the Stock Exchange chairman Sir Nicholas Goodison, became the latest London stockbroking firm to forge links with a major outside institution. Skandia of Sweden, Scandinavia's largest insurance group, is to acquire a *29.9 per cent stake* for an undisclosed sum. This, the latest in a series of deals whereby outside interests are linking with Stock Exchange firms, is the first with a European institution.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Black (Michael)	76§§	71	47	2.84	Emess Lighting
Black (Michael)	57	71	55	2.13	Highgate & Job
Border Brew	250§ §§	233	290	11.62	Marston Thmpsn & Evershed
Brockhouse	60½	56½	47½	10.46	Evered
BWG	78§ §§	73	65††	11.76	Irish Distillers
Comet	230§§	224	200	185.96	Woolworth
Crosby Woodfield	14§	13½	14½	3.02	Habit Precision
[illegible]land Elect	30§	28	29	4.51	Valor
[illegible]	225*§	375	115	0.07	Corp Fincl Servs
[illegible]	[illegible]	128	121	9.39	Suter Elect

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Halstead (J.)	89	99	78	12.23	British Syphon
Macpherson (D.)	75*	109	68½	13.58	Becker
Macpherson (D.)	117½§§	109	89	21.28	Yule Catto
Makin (J. & J.)	490*	480	248††	8.04	Bibby (J.)
Martin (Albert)	42*	54	39	3.50	Wilson & Co
New Equipment	70*§	70	49	0.50	Lathamstone
Oil & Assoc Inv	¶¶	148	137	¶¶	Cluff Oil
P.H. Industrials	112*	110	96	21.78	Taddale
Porter Chadburn	88*§	119	112	1.46	G. M. Firth
Prestige	267*	262	250	48.53	Gallaher
Price of Wales Hotels	145*¶	73	117	7.90	Taddale Invs
Sharpe (W. N.)	500*	477	515	27.94	Hallmark Cards
Sharpe (W. N.) A NV	460*	477	470	8.10	Hallmark Cards
Steaua Romana Rest V	50*	48	40	5.29	Clabir Intl
Steaua Romana Defd	50*	50	38	0.86	Clabir Intl

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. || Loan stock alternative. ** Based on 26/4/84. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Related to NAV to be determined.

Offers for sale, placings and introductions

Greggs—Offer for sale of 10.8m shares at 135p each. Also seeking a full listing.
Microvitec—Coming to USM.
William Morris Fine Arts—Coming to USM via a placing of 5m shares at 10p each.
Plan Invest—USM placing of 1,078,000 10p shares at 62½p per share.
E.T. Sutherland—Coming to USM via an offer for sale of 2.75m shares owned by family and directors plus 1m new shares.
TR Berkeley Development Capital—Offer for subscription of up to 3,000 ordinary shares at $50,000 per share.
Wordplex—Offer for sale by tender of most of its issued share capital at a minimum price of 240p per share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allebone & Sons	Jan	404	(91)	—	(—)	1.0	(0.5)
Anchor Chemical	Dec	641	(553)	9.3	(9.9)	3.25	(3.0)
Bardsey	Dec	74	(250)L	—	(—)	0.05	(0.01)
Benford Concrete	Dec	1,780	(2,300)	4.6	(6.6)	3.75	(3.48)
Bentalls	Jan	2,610	(2,120)	—	(—)	1.75	(1.6)
Biddle Holdings	Dec	1,250	(1,710)	18.9	(23.3)	10.0	(10.0)
Blue Circle	Dec	109,500	(107,800)	62.3	(68.1)	19.0	(18.25)
Bodycote Intnl	Dec	1,020	(812)	8.6	(6.5)	3.5	(3.0)
Boosey & Hawkes	Dec	736	(549)	6.5	(3.4)	5.0	(2.3)
British Vend Ind	Dec	409	(341)	3.3	(2.8)	0.77	(0.7)
Caparo	Dec	1,930	(1,220)	4.6	(3.2)	1.5	(1.25)
Clarke, Clement	Dec	2,150	(2,730)	14.0	(17.8)	4.06	(3.5)
Clive Discount	Mar	1,260	(1,850)	—	(—)	3.6	(3.2)
Cole Group	Dec	427	(260)	13.1	(9.0)	4.0	(3.0)
Dunlop	Dec	17,000	(7,000)L	—	(—)	—	(2.0)
EIS Group	Dec	3,620	(3,160)	—	(—)	5.5	(5.0)
Ellis & Goldstein	Jan	2,440	(1,030)	6.1	(3.7)	2.3	(2.15)
Emess Lighting	Dec	703‡	(337)	33.4	(19.4)	12.25	(7.5)
Estates & Agency	Dec‡‡	281	(229)	4.6	(3.8)	3.0	(2.0)
Farnell Elect	Jan	15,790	(10,440)	13.1	(8.5)	3.0	(2.0)
Feb Intnl	Dec	1,080	(866)	8.8	(7.4)	2.64	(2.4)
Fortnum & Mason	Jan	312	(65)L	—	(—)	28.5	(23.2)
Gould, Laurence	Dec	345	(264)	—	(—)	3.15	(—)
Grampian TV	Feb	1,180	(767)	15.6	(12.3)	4.5	(3.6)
Hay, Norman	Dec	605	(351)	8.3	(7.6)	3.1	(3.565)
Helene of London	Dec	998	(543)	2.0	(1.4)	1.48	(1.48)
House of Fraser	Jan	38,760	(30,880)	18.9	(14.3)	8.5	(7.5)
Laporte Ind Hlgs	Jan	30,220	(20,120)	28.7	(18.5)	10.5	(8.75)
Marshall, Thomas	Dec	353	(471)L	6.3	(—)	1.2	(1.2)
Marshall's Uni	Dec	819	(794)	—	(—)	—	(—)
Minet Holdings	Dec	20,390	(17,800)	12.4	(10.5)	5.18	(4.55)
Moss Bros	Jan	649	(502)	15.7	(11.8)	3.25	(2.5)
New London Prop	Dec	2,440	(2,390)	44.0	(52.5)	18.0	(16.25)
Neill, James	Dec	198	(574)L	—	(—)	2.0	(—)
Nurdin & P'cock	Dec	12,000	(11,320)	20.3	(19.3)	3.57	(3.12)
Office & Elect Mac	Dec	2,130	(2,120)	23.1	(20.9)	7.5	(7.5)
Perry, Harold	Dec	3,400	(3,180)	10.1	(12.6)	4.0	(3.75)
Photax	Dec	22L	(296)L	—	(—)	—	(3.5)
Polymark	Dec	426L	(475)	—	(—)	—	(—)
Rush & Tomkins	Dec	2,820	(2,310)	20.7	(16.4)	7.25	(6.0)
Slingsby, H. C.	Dec	106	(65)	7.9	(3.9)	2.4	(2.4)
Spear & Jackson	Dec	1,220	(1,750)L	—	(—)	5.25	(1.0)
Telephone Rntls	Dec	14,220	(12,730)	—	(—)	5.75	(5.0)
Toye & Co	Dec	282	(130)	9.0	(4.5)	2.25	(1.75)
Travis & Arnold	Dec	9,430	(7,490)	32.3	(28.5)	6.825	(5.46)
UBM	Feb	10,210	(2,680)	10.9	(2.2)	6.5	(2.2)
Warrington, Th	Dec	419	(616)	—	(—)	6.16	(6.16)
Whatman Reeve	Dec	3,470	(2,520)	38.9	(28.0)	7.8	(6.01)
Wimpey, George	Dec	45,000	(45,700)	13.2	(13.7)	3.05	(2.73)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Audio Fidelity	Oct	129L	(179)L	—	(—)
Danks Gowerton	Dec	1,700L	(99)L	—	(0.25)
Fitzwilton	Dec†	295	(348)	1.0	(1.0)
Flogas	Nov†	210	(255)	0.?8	(—)
Gallaher	Mar††	36,900	(30,000)	—	(—)
ICI	Mar††	245,000	(174,000)	—	(—)
Nairn, Stewart	Dec	236	(375)	—	(—)
Rosehaugh	Dec	1,190	(1,070)	—	(—)
Samuel Props	Dec	6,870	(9,980)	1.5	(1.43)
Tricentrol	Mar††	8,600	(14,300)	—	(—)
Utd Wire Group	Mar	842	(171)	2.2	(2.2)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † In I£. ‡ For 18 months. †† First quarter. L Loss.
†† Profits after tax. L Loss.

Scrip Issues

Farnell Electronics—One
Moss Brothers—One for

INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

Marks and Spencer, which disappointed some observers at the half year, should make amends when the results for the year to the end of March are announced on Tuesday. The outstanding element should again be the growth of the food business which is achieving consistent increases in sales. The homeware trade, which is being expanded with the launch of new lines, should have seen a better than ever gain in sales during the buoyant Christmas period. Clothing, the biggest area with just under half of UK sales, has recovered from a disappointing first half. Overseas, the company still has problems in making a net profit in Canada or securing adequate returns in its European stores. Overall, sales are expected to fall just short of £3bn; pre-tax profits should be about £280m up from £239m.

J. Hepworth and Son, which will announce interim results for the period to the end of February on Tuesday, is reaping the rewards of its highly successful marketing innovation, the Next chain of womens' clothes shops. Launched only in 1981, the chain has been built up to about 150 stores; sales continue to grow rapidly, to the extent that Next sold out of several lines at Christmas. The menswear operation is responding favourably to a modernisation programme overseen largely by the same team as launched Next. The cash generated by these businesses has eaten away at Hepworth's debt, reducing interest charges from over £0.5m for last year's first half to probably under £200,000. The results will also benefit from the sale earlier in the year of the W. and E. Turner shoe retailing businesses. About £6m pre-tax is expected against £3.76m for the comparable period.

After its minor set-back in the first half, Tootal Group is expected to report that it bounced back vigorously in the second six months when it announces results for the year to January on Friday. Much of the improvement, however, will be from interest savings thanks to declining rates and the initial impact of Tootal's disposal of its 49.9 per cent stake in Bradmill, its Australian associate. On the trading front, good news is expected from the recently reorganised American Thread and Marks & Spencer supplier Slimma Wales. West African exports have continued to be squeezed by the effect of weak oil prices, and there may be a stock write-down on the garment operations, which have been revamping their products. The consensus is for a profits increase from £14.9m to around £17m pre-tax, with perhaps a modest rise in last year's 2.35p total net dividend.

The 1983 year was one of recovery for John Laing after the disasters of 1982. Profits should turn out around the £20m mark, up from £1.4m in 1982, when they are revealed on Wednesday. The 1982 results were affected by losses in Venezuela and Spain. New management should have tackled those problems while the UK end has been providing the profits. Housebuilding has been expanding with perhaps a 20 per cent rise in the number of houses sold to 6,000, though margins might have been slimmed by the many incentives offered to buyers, and the higher prices of building land. The shares have already recovered in anticipation of good results.

Since RMC Group's excellent figures, the building materials sector has been motoring, and Tarmac has a hard act to follow with its 1983 profits announcement due on Tuesday. The market has been looking for a figure in the mid-£80m's, against £68.7m in 1982, though some analysts have been inclined to raise their forecasts in the last few days. The group's quarrying, building products and housebuilding businesses should have had a cracking time in 1983, providing the main boost to profits. Meanwhile the management's determination to withdraw somewhat from the fraught world of international contracting can only be good news. Hopes are for a 20 per cent rise in the total dividend to 13.2p, after the 12½ per cent rise at mid-way.

Also coming next week are the full year figures from Foseco Minsep on Monday with the half year due from Saatchi and Saatchi on Tuesday. Wednesday sees the premilinary results from Matthew Hall.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Construction Group	Wednesday	2.6	5.4	2.1
Acais Jewellery	Wednesday	1.5	2.2	†0.001
Air Call	Friday	1.85	3.75	1.85
Ayrshire Metal Products	Tuesday	—	—	—
Bestwood	Friday	—	8.5	7.5
Bilton, Percy	Friday	3.5	8.1	3.7
British Investment Trust	Monday	4.8	5.8	5.1
Computer and Systems Engineering	Wednesday	1.575	2.625	1.36
Davies and Newman Holdings	Tuesday	2.6667	6.2222	3.0
First Castle Electronics	Tuesday	0.7	1.05	0.77
Folkes, John Hefo	Wednesday	0.25	0.5	0.25
Foseco Minsep	Monday	2.65	4.35	2.65
French Kier Holdings	Tuesday	1.25	3.8	1.45
Grovebell Group	Monday	—	—	—
Hall, Matthew	Wednesday	1.195	4.944	1.275
Hammerson Property Investment and Development Corporation	Monday	3.0	10.0	3.0
Highcroft Investment Trust	Tuesday	1.25	1.9	1.4
Hoskins and Horton	Tuesday	2.0	4.0	2.5
Jessel, Toynbee and Gillett	Wednesday	2.0	3.6	2.13
Kwik-Fit (Tyres and Exhausts) Holdings	Monday	0.68182	0.66182	0.7843
Laing, John	Wednesday	1.0	1.275	1.25
Liberty	Wednesday	0.4	2.6	1.0
Lilleshalle	Friday	1.0	1.5	—
Lilley, F. J. C.	Wednesday	0.83	1.538	1.2
Maclellan, P. and W.	Wednesday	1.0	1.0	0.5
Marks and Spencer	Tuesday	1.65	3.25	—
Myrborough Property Holdings	Friday	0.4	0.45	0.2
Menzies, John	Monday	1.6	3.4	2.0
Midland Marts Group	Friday	1.25	2.75	1.25
Miss 32	Friday	—	—	—
Moteca Leisure	Thursday	2.95	4.0	2.95
Pentland Industries	Wednesday	0.375	1.455	0.42
Petrocon	Thursday	1.25	2.5	1.25
Roberts, Adlard	Tuesday	1.0	4.0	2.0
Save and Prosper Linked Invest. Trust	Thursday	3.78	7.48	9.43
Scott and Robertson	Tuesday	0.3	0.35	0.3
Shiloh	Wednesday	0.75	1.25	0.75
Singapore Para Rubber Estates	Monday	—	0.4	—
Sumner, Francis (Holdings)	Wednesday	—	—	—
Tarmac	Tuesday	3.2	7.8	3.6
Tootal Group	Friday	1.1	1.25	1.1
United Friendly Insurance	Monday	3.05	6.75	4.0
Walker, J. O.	Wednesday	1.0	2.5	1.5
York Mount Group	Wednesday	2.0	3.0	2.0
INTERIM DIVIDENDS				
Atlanta Investment Trust	Monday	—	1.1	
Barton Transport	Thursday	—	6.0	
Bellway	Monday	3.0	4.0	
Dubilier	Wednesday	0.9	1.1	
Hepworth, J. and Son	Tuesday	1.59	3.91	
Lyles, S.	Thursday	2.5	4.25	
Perree, C. H.	Tuesday	2.02367	3.5	
Pechin's	Wednesday	0.875	11.0	
Saatchi and Saatchi	Tuesday	2.52	5.58	
Seleguard Industrial Investments	Tuesday	2.5	4.1	
Simpson, S.	Thursday	1.3125	2.6875	
Swindon Private Hospital	Friday	—	—	—
Tiger Oats and National Milling	Wednesday‡	50.0	90.0	
Transvaal Consolidated Land and Exploration Company	Friday	75.0	205.0	
United Wire	Thursday	2.2	3.55	
Wemyss Investment Trust	Thursday	7.0	13.0	
Windor Securities (Holdings)	Monday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † For 18 months. ‡ In cents.

ECONOMIC DIARY

TOMORROW: President Reagan continues China visit, Peking (until May 5).
MONDAY: balance of payments figures (March). Engineering workers annual conference, Eastbourne (until May 4). Teachers pay talks, London. Ministers of Africa, Caribbean, Pacific and EEC meet to discuss Lomé convention, Fiji (until May 5).
TUESDAY: CBI monthly trends survey (April). New vehicle registrations (March). Unitary tax panel report due, Washington.
WEDNESDAY: UK official reserves (April). Advance energy statistics (March). Capital issues and redemptions (during April). Mrs Thatcher to meet Chancellor Kohl of West Germany, Chequers.
THURSDAY: Wales TUC annual conference, Llandudno (until May 5).
FIDAY: car and commercial vehicle production (March-final). Mrs Thatcher visits Paris.

General Motors doubles profits in opening period

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the world's largest motor group, rounded off an exceptionally buoyant set of earnings reports from the U.S. vehicle manufacturers yesterday, with the announcement that it had more than doubled profits in the opening quarter of this year.

Net earnings amounted to $1.61bn, or $5.11 a share, against $653.1m, or $2.08 a share a year ago. Sales rose by 37 per cent from $16.74bn to $22.89bn.

In line with the record quarterly earnings figures declared this week by both Ford and Chrysler, the two other large U.S. manufacturers, GM's profits were slightly ahead of what Wall Street had been expecting.

The company said that it had also established records for both net income and sales, exceeding the previous highest figure of $1.3bn and revenues of $20.8bn in the final quarter of 1983.

Sales volume was primarily responsible for the increase, it added, along with efforts to control cost and improved earnings from General Motors Acceptance Corporation its finance subsidiary.

World wide factory deliveries to dealers rose 29 per cent in the three month period to 2.3m units against 1.8m a year ago.

The group said that strong sales were expected to continue during the current quarter, but warned that earnings would be affected in the next few months as the production plants began changes for the 1985 model production.

GM-Holden remains in the red

BY MICHAEL THOMPSON-NOEL IN SYDNEY

GENERAL MOTORS-HOLDEN (GM-H), the Australian subsidiary of General Motors of the U.S., suffered a loss in the 12 months to last December 31 of A$124.9m (US$114.9m).

This followed a loss of A$134.7m in 1982, and means that for six years in succession the Australian company has failed to pay a dividend to its parent.

By contrast, Ford Australia recently reported a 9.8 per cent boost in profit for 1983, to A$72.8m.

Mr Chuck Chapman, GM-H's managing director, claimed yesterday that although the latest loss was "substantial," improvements had been made in operating efficiency, and that the company was on the "right track" to recovery.

Unit sales last year were 114,103, valued at A$1.2bn as against A$1.3bn in 1982. Ford Australia's sales last year totalled A$1.4bn.

Under the current government car plan, home-based manufacturers are guaranteed approximately 80 per cent of domestic sales. However, the car industry is likely to undergo gradual structural adjustment from the end of this year.

Mr Chapman said yesterday that all GM-H's major investments in recent years, including a A$300m four cylinder car engine plant at Fisherman's Bend, Victoria, had been made so as to bolster international competitiveness.

Peugeot sees FFr 2.5bn loss

BY PAUL BETTS IN PARIS

PEUGEOT, the financially troubled French motor group, expects to report a consolidated net loss of FFr 2.5bn ($215m) for 1983 compared with a loss of FFr 2.15bn the year before.

The 1982 results included an extraordinary gain from a change in accounting methods of FFr 1.59bn. Without this gain the group's deficit in 1982 would have totalled FFr 3.74bn.

The group expects its financial performance to improve this year. But this recovery hinges on the current efforts to reduce the workforce of its large Citroen car subsidiary by 6,000 people this year.

Peugeot recently substantially reduced the workforce of its troubled Peugeot-Talbot car divisions after a clash with the trade unions in France. Its latest efforts to cut the Citroen workforce are also turning into a political and industrial test case.

Group sales last year rose by 15 per cent to FFr 86.5bn compared with the year before. The group has been boosted by the commercial success of its two newest models, the Peugeot 205 supermini and the Citroen BX medium range car.

These models have helped it to gain market share in France despite an 11.3 per cent decline in domestic registrations in the first quarter of this year. Peugeot expects this declining trend in domestic registrations to continue this year.

The group expects its total sales and production to remain flat this year.

Peugeot had hoped that 1983 would be a year of financial recovery. But the difficulties the group faced in its efforts to restructure its Talbot car operations last year continued to keep it heavily in the red.

Volvo invests SKr 20bn in cars

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

VOLVO is to spend SKr 20bn ($2.5bn) over the six years to 1990 in product development and capital investment in its booming car operations.

At the same time it was revealed yesterday that the group is to receive SKr 3.2bn for the sale of its 25 per cent stakes in Atlas-Copco and Stora Kopparberg to the Wallenberg-dominated investment companies Investor and Providentia.

It paid SKr 1.8bn for the holdings less than two years ago, yielding a gross profit for the group of SKr 1.4bn.

Over the last two years Volvo's car division has accounted for the lion's share of group profits and the company is to continue to invest heavily in this sector to strengthen its position in world markets.

Mr Roger Holtback, managing director of the Volvo Car subsidiary, said SKr 10bn would be devoted to product-development over the next six years and a further SKr 10bn would be invested in new buildings, plant and equipment.

The group has already invested some SKr 6bn in its car operations in the four years from 1980 to 1983, a period in which it has emerged as one of the world's most profitable car producers.

Most of the coming capital expenditure will be concentrated at the group's main Torslanda plant in Gothenburg, but Volvo is also increasing the capacity of its Ghent car plant in Belgium from 70,000 to 80,000 cars a year. Much of the investment at Torslanda over the next two years will go to modernise the paintshop and rust protection facilities.

At the same time a large part of expenditure is being directed towards facilities for improved product development including the construction of a SKr 160m wind tunnel to be completed in 1985 and a new SKr 500m industrial site for improved test assembly and test building operations.

Strong first half recovery at Romatex

BY OUR JOHANNESBURG CORRESPONDENT

ROMATEX, the South African textiles and floorcoverings manufacturer which is an indirect subsidiary of the industrial group Barlow Rand, has recovered strongly from the extremely depressed conditions of last year.

First-half turnover rose by 22.3 per cent to R196.3m ($153m) in the six months ended March 31 while the trading profit before interest and tax was 59.5 per cent higher at R17.7m in the corresponding year-ago period turnover was R160.5m and trading profit R11.1m. The financial year ended September 30 1983 resulted in a total turnover of R366m and trading profit of R32.5m.

Mr Ian Mackenzie, managing director, said the trading profit improvement was due to better conditions in the previously depressed floor coverings and industrial markets. He warned, however, that trading conditions could well become more difficult in the second half, when profits might not exceed that of last year's second half.

First-half earnings rose to 42 cents a share from 24 cents and the interim dividend has been raised to 15 cents from 10 cents. Earnings totalled 69 cents a share in the financial year ended September 30 1983 and a total dividend of 34 cents was declared.

Leutwiler urges more investor protection

By John Wicks in Zurich

THE SWISS National Bank yesterday expressed concern at the "insufficient protection" for investors in privately placed Swiss franc notes. At the bank's annual meeting in Berne, Dr Fritz Leutwiler, the president, said this had not kept up with the growing importance of the private placement market.

Last year, privately placed medium-term note issues by foreign borrowers rose to SwFr 29.7bn from SwFr 17.7bn in 1982. This was equal to 51 per cent of all foreign borrowings subject to National Bank approval.

Dr Leutwiler pointed out that the issue of notes does not necessitate publication of the same information as is required for publicly issued bonds. Although the National Bank had permitted 'the dissemination of information on private placements' since July 1982, he said issuing banks had made little use of this opportunity.

Since the notes were not listed on Swiss stock exchanges, they are long-term bonds, private placements also fell outside the responsibility of the *Zulassungsstelle*, the Swiss Office for the Admission of Securities to the Stock Market.

"We believe that a gap exists here in the protection of the investor which should be closed by the Federal authorities," Dr Leutwiler said.

He added that the 1936 law on the minimum content of public bond prospectuses no longer provided anything like the degree of information needed to protect investors. However, banks generally voluntarily published prospectuses which went beyond these demands in giving detailed information of a borrower.

Boesky plan for Scott & Fetzer

MR IVAN BOESKY, the Wall Street arbitrageur, has emerged with a leveraged buyout proposal for Scott & Fetzer, the Ohio-based encyclopedia publisher and vacuum cleaner manufacturer, writes Our New York Staff.

The Boesky group said it was considering a $60 a share offer for Scott, which would value the company at almost $400m. Scott revealed earlier this month that its senior management was proposing a leveraged bid at $50 a share. This has been withdrawn in the face of the new proposals.

The new offer is contingent on Scott & Fetzer agreeing to grant the Boesky group an option to purchase about 18 per cent of the group's shares at $60 a share and on obtaining financing.

Crocker debt rating lowered

MOODYS, THE U.S. credit rating agency, has lowered the senior debt rating for Crocker National, the troubled California-based bank holding company controlled by Midland Bank of the UK, from single-A2 to BAA1, writes Our Financial Staff.

Moody's said Crocker had a "substantial and increasing volume of non-peforming assets which will be difficult to work out of quickly." The agency believes there will be a continuing adverse effect on earnings from the burden of carrying these loans for an extended period.

Severe first quarter setback for Aetna

BY TERRY BYLAND IN NEW YORK

AETNA LIFE & Casualty, largest of the U.S. full-line insurance companies, yesterday reported a collapse in first-quarter net operating earnings from $119m or $1.15 a share to $19m or 18 cents. The company said the insurance business environment became "extraordinarily difficult" in the quarter.

Aetna has been buffeted by claims in respect of the bad winter weather, the lack of any major reinsurance transaction, further intense price competition on commercial-casualty property operations and continuing losses from some of its diversified businesses.

After taking in capital gains, final net for the quarter totalled $22m or 17 cents a share, against $162m or $1.58 a year ago. In fiscal 1983, earnings fell from $3.50 a share to $3.06 with winter weather again a severe adverse factor.

Mr John Filer, chairman, said there were "some early indications" of price firming in the property-casualty market. The sector is a major earner for Aetna.

Steps to solve operating problems, said Mr Filer, include a cut of 1,200 in the headquarters workforce, and strengthened managements at the diversified companies. Last year saw a downturn in performance at oilfields subsidiary.

New group pays $128m for Italian paper mills

BY ANDREW FISHER

A PARTIAL restructuring of the Italian papermaking industry is taking place with the planned purchase for some L214bn ($128m) of seven mills by a newly formed company, Cartiere Sudeuropa.

The mills employ more than 2,000 people and have a yearly output of some 500,000 tonnes. Through their acquisition from the Cartoservice consortium, Sudeuropa will become the second largest Italian paper group behind Burgo.

Sudeuropa is a subsidiary of a Luxembourg holding company, Forest Products Holding, set up by Banca della Svizzera Italiana, which is based in Lugano.

Mr George Mandl, a director of Sudeuropa and chairman of the Luxembourg company, said some L203bn would be paid over five years to lease the mills, with a final payment of L11bn to conclude the actual purchase.

He said the mills make newsprint and a wide range of writing, printing, coated and speciality papers, now had positive cash flow. "They are not loss-makers."

The largest mill, that of Arbatax in Sardinia, makes newsprint, though one machine is being converted to make higher grade paper.

The other mills have been under special management "controlled administration" since saying they could not pay their debts in October 1981. They are run by Cartiere Italiane Reunite, Cartiere Riunite Donzelli e Meridionali and Valtellina.

Through the proposed deal Sudeuropa will have sales of around L600bn, of which 85 per cent is in the domestic market.

UCB boosts earnings

BY PAUL CHEESERIGHT IN BRUSSELS

UCB, the Belgian pharmaceuticals, chemicals and films group, last year pushed up pre-tax profits to BFr 1.33bn ($24m) from BFr 1.07bn in 1982 as the level of sales increased across the range of its activities.

But a sharp rise in net profits was held back because of exceptional losses of BFr 152m arising from undisclosed provisions for plant closures and depreciation. The final figure for 1983 was BFr 972m, against BFr 872m in 1982 when the total was boosted by an exceptional profit of BFr 441m.

A final dividend of BFr 1 has been declared, bringing the total payment to shareholders for the year to BFr 1 compared with BFr 150 in 1982. The cost of the dividend to the group rose 23 per cent over the previous year, partly because of the increase in witholding tax.

Total group sales rose to BFr 29.26bn from BFr 27.7bn.

Norsk Hydro sharply up

NORSK HYDRO, the major Norwegian industrial and energy concern, boosted first-quarter profits before taxes and adjustments from NKr 664m to NKr 1.31bn ($171m). Turnover rose from NKr 6.78bn to NKr 8.55bn, writes Our Financial Staff.

The company said the gradual recovery in market conditions seen last year had continued into 1984. The latest results reflected the economic recovery and the effects of tighter cost controls.

Operating profits were NKr 1.57bn, against NKr 935m, with petrochemicals surging to NKr 103m profit against a NKr 5m loss.

Net profits in the latest quarter were NKr 597m, compared with NKr 287m in the 1983 first quarter and NKr 1.13bn in the full year.

Pepsico sells freight unit

PEPSICO, the major U.S. soft drinks, foods and sporting goods company, has agreed in principle to sell its North American Van Lines subsidiary, a leading household goods mover, to Norfolk Southern for $315m, writes our Financial Staff.

Pepsico said in February that it was considering selling its transport business, which includes North American and Lee Way Motor Freight, an interstate freight carrier.

The transaction, if approved by U.S. and Canadian regulators, will significantly expand the non-rail freight business of Norfolk Southern, which operates an 18,000 mile rail system spanning 21 eastern states of the U.S.

NORTH AMERICAN QUARTERLIES

ARMCO
Steelmaking, oilfield equipment

First quarter	1984 $	1983 $
Revenue	1.1bn	988.0m
Net profits	56.3m	†128.4m
Net per share	0.82	—

† Loss

COMMODORE INTERNATIONAL
Computers

Third quarter	1983-84 $	1982-83 $
Revenue	326.2m	189.6m
Net profits	36.3m	23.0m
Net per share	1.18	0.81
Nine months		
Revenue	866.9m	489.2m
Net profits	110.7m	65.0m
Net per share	3.59	2.11

DOFASCO
Steelmaker

First quarter	1984 $	1983 $
Revenue	484.1m	352.4m
Net profits	41.2m	16.3m
Net per share	0.79	0.24

R. R. DONNELLEY & SONS
Commercial printer

First quarter	1984 $	1983 $
Revenue	378.7m	344.2m
Net profits	23.3m	20.3m
Net per share	0.61	0.53

E G & G
Diversified electronics equipment

First quarter	1984 $	1983 $
Revenue	248.5m	207.1m
Net profits	11.7m	10.8m
Net per share	0.39	0.35

GLOBAL MARINE
Offshore drilling contractor

First quarter	1984 $	1983 $
Revenue	102.0m	121.3m
Net profits	5.0m	17.0m
Net per share	0.04	0.55

FORD CANADA
Automobiles

First quarter	1984 C$	1983 $
Revenue	2.9bn	1.5bn
Net profits	127.0m	19.0m
Net per share	15.26	—

† Loss

LOUISIANA LAND & EXPLORATION
Resources, property

First quarter	1984 $	1983 $
Revenue	334.2m	253.3m
Net profits	24.7m	26.5m
Net per share	0.80	0.70

SIMPSONS-SEARS
Retailing

First quarter	1984 C$	1983 C$
Revenue	745.6m	878.6m
Net loss	8.0m	11.5m
Net per share	0.09	0.13

TOSCO
Diversified energy company

First quarter	1984 $	1983 $
Revenue	407.5m	725.1m
Net loss	28.9m	46.6m
Net per share	1.85	2.84

JAPANESE RESULTS

ASAHI GLASS
GLASS/CHEMICALS

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	661.11	628.01
Pre-tax profits (bn)	48.69	41.93
Net profits (bn)	23.06	23.00

KYOWA HAKKO KOGYO
Pharmaceuticals/chemicals

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	257.0	261.7
Pre-tax profits (bn)	16.56	13.12
Net profits (bn)	6.56	5.56
Net per share	20.20	19.01

CONSOLIDATED

SHOWA OIL
OIL REFINER

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	1,073	1,175
Pre-tax profits (bn)	4.67	†0.88
Net profits (bn)	4.75	1.15
Net per share	35.18	8.53

† Loss.

TOA NENRYO KOGYO
Oil refiner

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	1,249	1,411
Pre-tax profits (bn)	99.03	35.58
Net profits (bn)	39.42	18.45
Net per share	88.54	41.43

CONSOLIDATED

BASE LENDING RATES

A.B.N. Bank	8½%	Heritable & Gen. Trust	8½%
Allied Irish Bank	8½%	■ Hill Samuel	§8½%
Amro Bank	8½%	C. Hoare & Co.	†8½%
Henry Ansbacher	8½%	Hongkong & Shanghai	8½%
Armco Trust Ltd.	8¾%	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9 %	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	8½%	Lloyds Bank	8½%
Bank Hapoalim BM	8½%	Mallinhall Limited	8½%
BCCI	8½%	Edward Manson & Co.	9½%
Bank of Ireland	8½%	Meghraj and Sons Ltd.	8½%
Bank of Cyprus	8½%	Midland Bank	8½%
Bank of India	8½%	■ Morgan Grenfell	8½%
Bank of Scotland	8½%	National Bk. of Kuwait	8½%
Banque Belge Ltd.	8½%	National Girobank	8½%
Barclays Bank	8½%	National Westminster	8½%
Beneficial Trust Ltd.	9½%	Norwich Gen. Tst.	8½%
Bremar Holdings Ltd.	8½%	People's Tst. & Sv. Ltd.	9½%
Brit. Bank of Mid. East	8½%	R. Raphael & Sons	8½%
■ Brown Shipley	8¾%	P. S. Refson & Co.	8¾%
CL Bank Nederland	8½%	Roxburghe Guarantee	9½%
Canada Perm't Trust	8½%	Royal Trust Co. Canada	8½%
Castle Court Trust Ltd.	9 %	■ J Henry Schroder Wagg	8½%
Cayzer Ltd.	8½%	Standard Chartered	‖8½%
Cedar Holdings	9 %	Trade Dev. Bank	8½%
■ Charterhouse Japhet	8½%	TCB	8½%
Choulartons	10½%	Trustee Savings Bank	8½%
Citibank Savings	¶9¾%	United Bank of Kuwait	8½%
Clydesdale Bank	8½%	United Mizrahi Bank	8½%
C. E. Coates	9½%	Volkskas Limited	8½%
Comm. Bk. of N. East	8½%	Westpac Banking Corp	8½%
Consolidated Credits	8¾%	Whiteaway Laidlaw	9 %
Co-operative Bank	*8½%	Williams & Glyn's	8½%
The Cyprus Popular Bk.	8½%	Wintrust Secs. Ltd.	9 %
Dunbar & Co. Ltd.	8½%	Yorkshire Bank	8½%
Duncan Lawrie	8¾%		
E. T. Trust	9 %		
Exeter Trust Ltd.	9½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	9½%		
Robert Fraser	9½%		
Grindlays Bank	‡8½%		
■ Guinness Mahon	8¾%		
■ Hambros Bank	8½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%, 1-month 6%. Fixed rate 12 months £2,500 8%. £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¼%, £10,000 up to £50,000 6¼%, £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
§ 21-day deposits over £1,000 6¼%.
‖ Demand deposits 5¼%.
¶ Mortgage base rate.

Pirelli UK

Stockholders of Pirelli UK are being asked to approve repayment of the outstanding £1.26m 7 per cent second debenture stock 1986-91 on the basis of £99 cash for each £100 nominal of stock.

BOOKS

Beating Belloc's drum

BY ANTHONY CURTIS

Belloc
by A. N. Wilson. Hamish Hamilton. £12.95. 398 pages

"When I am dead," wrote Hilaire Belloc, "I hope it may be said: 'His sins were scarlet, but his books were read.'" In 1984 Belloc's books are not much read to judge by the number in print which may be counted on the thumb of one hand. Your best chance of picking up a copy of one of Belloc's 150 or so titles today is to do what I did, to rummage around the shelves of the Oxfam shop. I was rewarded by a reasonably clean copy of the fifth (1920) edition of his satirical novel, *Emmanuel Burden, Merchant* (1904)—for 50p.

The cause of this indifference to the work of Belloc, who died in 1953, while his friend G. K. Chesterton has been enjoying a renaissance recently, cannot be ascribed to critical neglect. Since his death there has been a steady stream of books about him, serious appraisals with titles like *Hilaire Belloc: No Alienated Man. A Study in Christian Integration*: a biography by Robert Speaight; memoirs and testimonies from those who knew him well, people like Eleanor and Reginald Jebb and H. V. Morton; on a more popular level, a spirited essay by the late John Raymond (which appeared originally in the *New Statesman*, mark you, not the *Tablet*) claiming Belloc to be one of the great prose writers in English of the 20th century; and for those who wished to dip selectively and test that claim, there is a "biographical anthology" *Belloc* (Allen and Unwin, 1970) compiled by Herbert Van Thal and Jane Soames Nickerson, Belloc's secretary for many years.

A. N. Wilson, novelist and journalist, belongs to a younger generation than these former champions. He has had to reconstruct public debates and controversies which others remember as part of the intellectual and political atmosphere they breathed. Mr Wilson has had full access to all the Belloc papers, letters and documents now made available for the first time: he makes copious use of them. He has written as full and thorough a life of Belloc as anyone could possibly want. Mr Wilson thinks the reason for the neglect of Belloc is his anti-Semitism. An excellent reason if it is true — Mr Wilson leaves us in no doubt at all as to just how anti-Semitic Belloc was both publicly and privately — but I do not think it is quite as simple as that.

Apart from his views, the bees in his bonnet which we have to learn to live with if we are going to read him at all, Belloc's oratorical prose has not worn well. He often reads like one of those erudite aggressive bores you occasionally find yourself trapped by in a pub, but his poetry, though not to modern taste, has amazing virtuosity. Mr Wilson suggests that Miranda in "Tarantella" is a man — the Duke of Miranda! And Belloc's *Cautionary Tales* will always have a hallowed niche in every middle-class nursery. In prose he is at his most sympathetic when describing man versus the elements — the loneliness of the long-distance walker or sailor. But oh his prejudices! Even in 1925 in *The Cruise of the Nona* Belloc was still casting doubt on the innocence of Dreyfus long after he had been acquitted by a French court, and accusing Dreyfus of being indirectly responsible for World War I.

Along with the Jews, the other groups whom Belloc made obsessive targets for his aggression were: rich people in general, university dons, peers (though he numbered several among his friends) and Prussians. He was a Liberal MP under Asquith in 1910. He detested the Whig view of history but approved of the French Revolution. His pen portraits of Louis XVI and Marie Antoinette are some of the best things he did in popular history writing.

It is in Mr Wilson's book that we discover the biographical roots of many of Belloc's main aversions. Belloc was born two days before the Franco-Prussian war to a French father, Louis Belloc, and an English mother, Bessie née Parkes. His father was a chronically sick man who died when Belloc was two. Belloc and his sister Marie (who became Mrs Belloc Lowndes) were brought up in England by their mother, a Catholic convert. Mrs Belloc had been left £12,000 by her rich Parkes grandfather. Among Bessie Belloc's lodgers was a young stockbroker whom Bessie Belloc foolishly entrusted with her funds in the hope of turning a small fortune into a large one. The young man rapidly lost the lot in speculation and fled the country.

Mr Wilson thinks these events in early childhood stayed with Belloc in the form of permanent chips on his broad shoulders: 1, against Prussians; 2, against financiers, whom he equated with Jews. Chip 3 came after he went down from Oxford, or rather after he had refused to go down. As a Balliol undergraduate he had had a golden career, culminating in the presidency of the union and a first. The logical next step was the most glittering academic prize of all, an All Souls Fellowship. He took the examination, part of which consists in being dined in college. Belloc created an impression of over-bearing arrogance and was rejected. A. L. Rowse thinks that they were right to reject Belloc, not on his knife-and-forkmanship but on his history, which was not sound. Later controversies showed how inaccurate Belloc could be on occasions.

Elodie—Californian beauty who married Hilaire Belloc

The would-be academic turned reluctantly into the Man of Letters, the MP, the controversialist (in debates with Shaw and Wells who befriended him when he was struggling), the apologist for the Catholic faith, the orator, editor, reviewer, lecturer, the incredibly prolific author; three books a year over 50 years was his norm. How he found time for any private life with all that is a mystery which not even Mr Wilson succeeds in explaining fully. But Belloc did. He married his first love, Elodie Hogan from Napa, California, and they had a large family, settling in his beloved country of Sussex. He kept them all in reasonable comfort by the incessant labours of his pen, in spite of periodic fiscal crises. He was left a widower at the age of 43 and proved inconsolable; his wife's room remained forever as it had been in her lifetime. He nonetheless continued to travel, to sail, to walk, and to drink vast quantities of wine. Mr Wilson gives us all the gruesome details of Belloc's gargantuan existence and writes appreciatively about those neglected works, urging several he particularly admires upon our attention. The case is argued as persuasively as we would expect from this able critic, but I for one remain unconvinced.

One of the illustrations to Hilaire Belloc's "More Peers." It is of Lord Finchley "Who tried to mend the Electric Light Himself . . . It struck him dead. And serve him right! It is the business of the wealthy man To give employment to the artisan." A new biography of Belloc is reviewed today

Fall of Alexander

BY DAVID BUCHAN

Caveat
by Alexander M. Haig. Weidenfeld & Nicolson. £12.95. 367 pages

Even paranoids have enemies, Henry Kissinger once quipped, and he should know. His protégé, Alexander Haig, clearly had, or acquired enemies, during his 17-month stint as President Reagan's first Secretary of State, the period recounted in this book. Haig's villains are the largely Californian mafia of White House aides — Ed Meese, Jim Baker and, for a time, Bill Clark — who resisted Haig's efforts to assert himself as the Administration's main foreign policy spokesman, frustrated his access to the Oval Office, and copiously leaked differing and often confusing policy lines to the Press.

The President himself was not to blame, according to Haig, except perhaps for allowing, through ignorance or indolence, this state of affairs to arise. Nor really were Caspar Weinberger or Jean Kirkpatrick though Haig had well-publicised run-ins with both. Rather the fault lay, Haig says, with a system that encouraged the White House staff to do anything "to save the President's popularity even if this meant undermining the President's policies."

Haig says he felt premonitions of his doom—though this may be embittered hindsight—even before he took office, when during his January 1981 confirmation hearings he was left to face senatorial grilling on his Watergate past as Nixon's chief of staff without any encouragement from the Reagan White House.

It was in any case clear that Haig's almost neurotic self-assertiveness would be his early undoing in an Administration which prided itself on its laid-back, West Coast style. On Inauguration Day, before he had even sat down in the State Department, Haig was in the White House pressing for a clarification of his role. His concern about job definition was understandable given the Vance-Brzezinski tussles in the previous administration. However, concern became obsession.

Within two months in office, he had drafted his first (unsubmitted) letter of resignation over an organisational dispute involving crisis management committees, and on the day of the assassination attempt on Reagan, had appeared before the White House television cameras, declaring: "As of now, I am in control here."

Haig explains convincingly of the need, with Reagan in surgery and Vice-President Bush in Texas, to show the world that someone was still in charge, and that as the senior cabinet officer present he was the natural choice.

But even when that storm blew over, indeed for the rest of his time in office, Haig clearly hungered for the psychological reassurances which the White House men were unable or unwilling to give him.

Haig's final undoing, by his own account, was his shuttle diplomacy between London and Buenos Aires trying to prevent the Falklands war. But not, it seems, because others in the administration thought that war in the South Atlantic was any less important to prevent or felt mediation attempt could have been better handled. But largely because, believe it or not, Haig wanted to use a VC-137 aircraft, not a KC-135 aircraft, and the White House staff did not want to give it to him. It is hardly surprising that in the end Reagan tired of what Haig rightly describes as "schoolboy scuffles" and in June 1982 sided with his Californian coterie by accepting Haig's resignation.

Luckily, there is more substance to this book than this classic of Washington in-fighting would indicate, though not because it reveals any more of the Falklands war diplomacy than is known already. Some doubt has been cast, in a recent BBC Panorama programme, using Argentine recordings of Haig's meetings in Buenos Aires with junta members, on whether Haig did or did not mislead the junta into thinking that Britain might compromise on the sovereignty of the islands. But on the record of this book, Haig repeatedly warned Buenos Aires that its final demand for sovereignty by the end of 1982 would be flatly unacceptable to London, and that the British would fight. Thus, the ultimate blame rests with the intransigence of the junta, which itself, along with Lord Carrington and Haig, were the political casualties of the war.

The U.S. mediation mission helped give the British prime minister support for the war which "in the beginning she did not command," Haig believes. "The opportunity to seek a negotiated solution through the good offices of Britain's best friend, and for a systematic ordering of the facts by a third party, gave Mrs Thatcher the time she needed for opinion to anneal around her policy." The war and its decisive outcome, Haig believes, had wider implications. "The British action may have marked an historic turning point in what has been a long and dangerous night of Western passivity," he says.

General Haig: mulling over the Falklands crisis

While he was in office, Haig presented an ironic contrast to his main policy rival, Weinberger: a belligerent-sounding dove versus a calm and collected hawk. This book bears this out, to some degree. Haig counselled against wider economic sanctions on the Soviet Union and Poland, argued against the Siberian pipeline embargo, and sought to temper the pro-Taiwan predilections of Reagan with realism about the damage this would do to more important relations with Peking.

But, outside the East-West arena, the roles were often reversed. Haig says he argued, against Weinberger, for stronger initial action by the Reagan Administration in central America and was less inclined than the defence secretary to take strong steps to restrain Israel over Lebanon.

Here, with this book, we just have one man's account of recent events. Thus, with reference to its title, a caveat should be indeed entered — not "Caveat Emptor": the book contains materials of considerable interest. Rather "Caveat Lector," because the full truth will emerge only with the memoirs of the other participants.

Nkomo now

BY QUENTIN PEEL

Nkomo—My Life
by Joshua Nkomo. Methuen £9.95. 270 pages

Joshua Nkomo is no saint. Indeed, many former white Rhodesians would no doubt regard him as the devil incarnate. A lifelong career as the most prominent African nationalist in what was Southern Rhodesia, then simply Rhodesia, and now Zimbabwe, must have included wrong, bad and even disastrous decisions.

He was as responsible as any other African politician of the time for the decision which took the struggle for independence from peaceful protest to guerrilla warfare. He was leader and nominal commander-in-chief of the organisation responsible for shooting down two civilian airliners.

Nkomo has also been accused of indecisiveness: in 1961, of failing to grasp the opportunity of an imperfect constitution which would nonetheless have led to majority rule without bloodshed, several years before it was eventually achieved after a bitter struggle. Subsequently, he presided over the growing divisions in the nationalist movement, and proved powerless to prevent them.

At press conferences and on other public occasions, Nkomo tended to pontificate and bluster when he did not wish to answer, unlike his fellow nationalist leader Mr Robert Mugabe, who was always more precise and to the point.

Yet no one can take away from Mr Nkomo his standing as the Father of Zimbabwean nationalism, the personification of the African struggle for freedom, the franchise and independence, against an increasingly racist and narrow-minded minority of white settlers. The story of his life is one of single-minded and largely selfless dedication to that cause, in which he suffered repeated exile, imprisonment, harassment and oppression from the authorities, and yet emerged with dignity and humanity.

It is also a tragic story, without a happy ending. At the very moment of the independence for which he had worked so hard, Joshua Nkomo was relegated to a back seat in Harare's Rufaro Stadium to watch the Union Jack being lowered. Having rejected the offer of becoming ceremonial President of the new state, he was progressively demoted in the Cabinet, then sacked by his former publicity secretary, Mr Mugabe, finally fleeing into exile in fear of his life, before returning to a sort of political limbo where he now sits.

He has been forced to watch as his party, the Zimbabwe African People's Union (Zapu), direct successor of the African National Congress he headed in the 1950s, has been increasingly frustrated and restricted by Mr Mugabe's victorious Zimbabwe African National Union (Zanu). Now he seems powerless to prevent his own supporters and former guerrillas from taking to the bush to continue their armed struggle as bandits, while troops loyal to Zanu have instituted a reign of terror in Matabeleland to crush them.

So where did it go wrong, and why? Nkomo's autobiography does not help very much on that score, perhaps simply because he has been such a key actor in the drama. He seeks to blame the divisions on personalities, men like Leopold Takawira, who used the latent tribal animosity between the Shona and Ndebele-speaking people to divide the nationalist movement. He also blames African leaders, like President Julius Nyerere of Tanzania for aggravating the divisions, partly out of personal animosity, partly out of ignorance about the conditions inside Rhodesia.

Nkomo never goes into his own relationship with Robert Mugabe in any detail, perhaps an understandable omission so close to the events, but one which must detract from a better understanding of Zimbabwe's plight today. Yet there is no doubt about his bitterness at the treatment he has received.

What Mr Nkomo has produced is a clear and concise account of his early life and part in the liberation struggle, but one which always somehow stops short of delving below the surface, of adding enough personal touches to explain the events. His best moments are on the relatively safe ground of recounting the tedious and often impecunious life of the international exile, the dreary banishment and yet comradeship discovered in the Gonakudzingwa detention camps, where the African nationalists were herded by Mr Ian Smith and his colleagues like wild animals into a game park.

Yet the Father of Zimbabwe deserves better, just as his country deserves better. His final chapter is a wise and moving plea for what needs to be done, for more open government, more consultation and co-operation across tribal lines, more respect for human rights, and more concentration on development of African skills in commercial agriculture and relevant economic activities. The fear is that his may be a voice still crying in the wilderness.

Poet power

BY MARTIN SEYMOUR-SMITH

Collected Poems
by Michael Hamburger. Carcanet Press. £12.95. 383 pages

Poems 1953-1983
by Anthony Thwaite. Secker & Warburg. £8.95. 201 pages

Collected Poems 1952-83
by Alan Brownjohn. Secker & Warburg. £8.95. 239 pages

Selected Poems
by Laurence Lerner. Secker & Warburg. £7.95. 125 pages

The Kingfisher
by Amy Clampitt. Faber & Faber. £4.00 (paperback). 92 pages

Choosing a Guest
by Michael Schmidt. Anvil Press Poetry. £3.95. 95 pages

Michael Hamburger is well known as the most distinguished of modern translators of European (mostly German) poetry into the English language. But, as this large retrospective collection shows, in his own original poetry he has very much his own voice. He has eschewed (for himself) the metaphorical style employed by most of the contemporary poets he translates (eg. Celan), and writes with grave, sincere, sometimes rather melancholy simplicity. And simplicity is nowadays a virtue, when it is not merely simpliste or naive, which Hamburger never is. Even his occasional awkwardness comes off, like Hardy's: it is a part of what he has to say, and expresses how he feels when confronted with the world of today.

His most successful poems in this long and interesting book, notable for its honesty and its refusal to exhibitionise (something he could easily do), are in fact about what is happening in England and America. Like Swift, he loves individuals but is sick to death—and with cogent reason—at what is going on in the public world. His gently protesting voice is not shrill, but is all the more impressive for that. This is a collection to be grateful for, and from which one can learn much about the quality of disenchantment.

Surveyors of the contemporary literary scene will be glad to have at last the collected poems of Anthony Thwaite, who once, with characteristic irony called himself the "Yeats of the suburbs." The modestly built body of his carefully wrought and never superfluous lyrics, metaphysical meditations and rueful exercises in the manner of Graves, is a model of responsibility and an achievement in itself. In an age in which most verse that is written is inexcusably slapdash and even deliberately "disposable," it is important to have poems that are thoughtful, worth reading, and for the most part in their author's own voice. They will stay on the shelves for frequent reading.

Alan Brownjohn every so often achieves a poem of outstandingly moving power and penetration. Like Anthony Thwaite, he writes responsible and well-crafted verse for which one can be grateful; but occasionally one comes across a poem which seems to run off the page—an example is the last one in this comprehensive collection, called "Doorway," powerful, moving and resonant. It belongs to a realm of loneliness, in which experience is agonised and imaginatively enriched. There are a number of similar successes in this bulky book, which is fleshed out with intelligent and readable observations. Few poets can hope for more than Brownjohn offers here.

Laurence Lerner's *Selected Poems* are intelligent and readable in the manner of the two preceding volumes, but more predictable—and one misses the occasional really striking success which causes one to turn back with renewed attention to the contents as a whole. This is a fine model of a responsible poem-book, but lacks the intensity an exciting one requires.

The Kingfisher is a quite astonishingly fluent first collection by an American woman: Amy Clampitt writes at present too much in the manner of Marianne Moore, Elizabeth Bishop and W. H. Auden to allow enough of what is her own to emerge with the necessary clarity. But she is remarkably sophisticated and very gifted indeed as a prosodist. This cannot be called other than an impressive début.

In *Choosing a Guest* Michael Schmidt has made a selection from his previous books and added some new ones. The 57 poems here reflect a wide and sensitive reading of many poets of this century (fewer from earlier centuries), some of whom, in his excellent capacity as publisher, he has himself issued. A very pleasant influence is that of Edward Thomas. There is, undermining—so to say—these gentle and feeling exercises, a disturbed and unhappy voice, one as personal as the poems themselves are on the surface impersonal homages to others: it is as if the poet felt he must sacrifice his desire to please and to admire, but does not want to; This adds a distinctive note that is both wistful and attractive.

CHESS

LEONARD BARDEN

CHESS MASTERS who give simultaneous displays and exhibitions against clubs will generally agree on the major strengths and weaknesses of British players.

On the credit side, the average man in the 130-150 grading range has a good opening knowledge and is clear-cut and logical in strategic planning. His typical weaknesses are an exaggerated reliance on passive defence and poor endgame technique.

It is different on the Continent: the cafe and club players of Paris, and Vienna have flair, they like to attack and they play endings instinctively well.

But their openings are often experimental and dubious, they get bored in strategic positions and they are tempted by flashy but unsound sacrifices.

There are plenty of exceptions to stereotype, yet the observed generalisations contain some truth and are logical given the different settings of chess clubs here and across the Channel.

British inter-club matches are normally staged over a winter season from September to April, and venues are often often schools, church or community halls, and business recreation centres.

It can prove difficult to start play before 7 or 7.30, yet by 10 or 10.30 the caretaker may be rattling keys and switching off the lights.

Thus sessions may be as short as 2½ to 3 hours, with a general time limit of 24 moves an hour followed by six moves in 15 minutes.

In consequence, the league adjudicator is presented with a large proportion of unfinished games, many with one side's initiative countered by a defensive pawn wall behind which the opponent has patently played out time.

Most of these positions are adjudicated draws, on the principle that the inferior side receives the benefit of any doubt. So the passive defender gets his half point, and games reach and ending.

Continental clubs frequently meet in licensed cafes with drinks easily to hand and much longer playing hours. In West Germany inter-club matches are staged at weekends with one round on Saturday and a return next day.

The stimuli for imaginative chess are greater and the facilities for long games better; but this environment also breeds semi-pros who rarely read an openings book and stay sharp by continual five-minute blitz chess.

One significant change for the better here is the gradual introduction of quickplay time limits after the first clock control. In the 1984 BCF inter-county national stage, rates are now 40 moves in two hours, then 15 in 15 minutes. The formula could well be adapted to club chess generally, and would imply more matches decided on the night rather than several weeks later.

Yet perhaps this is not what players want: as an adjudicator for several leagues I have the impression that some actually welcome a delayed verdict (which distances the pain of defeat) or the blurred result of a draw in a complex position where both sides claim a win.

When you do reach an endgame three basic principles are to make the king an active piece, use rooks for attack on files and ranks, and to mobilise and advance pawn majorities.

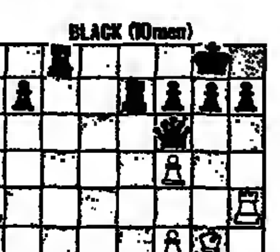
This week's game, won by a world champion, shows all three techniques—and White would even have got a full point on adjudication by move 30.

White: M. Botvinnik.
Black: R. Toran.
English Opening (Palma 1967)

1 P-QB4, P-KN3; 2 P-K4, P-QB4; 3 N-KB3, N-QB3; 4 P-Q4, PxP; 5 NxP, N-B3; 6 N-QB3, NxN; 7 QxN, P-Q3; 8 B-K3 B-N2; 9 B-K2, 0-0; 10 Q-Q2, N-N5? 11 BxN, BxB; 12 B-Q4, B-K3; 13 BxB, KxB; 14 0-0, K-N1; 15 P-QN3, Q-R4; 16 P-B4, P-B3; 17 R-B3! K-R1; 18 R-K1, R-KN1; R-Q3, QR-QB1; 20 N-K5! QxQ; 21 RxQ, BxN; 22 RxB, R-B3; 23 P-K5, QPxP; 24 PxP, R-K3; 25 K-B2! R-KB1; 26 R-Q7! PxP dis ch; 27 K-K3, R-QN1; 28 K-K4, K-N1; 29 K-Q5, K-B2; 30 RxP (K5), R-Q3 ch; 31 RxR, PxR; 32 KxP, R-Q1 ch; 33 K-B7, R-Q7; 34 KxP, RxNP; 35 P-B5, RxKRP; 36 P-B6, R-QB7; 37 P-QN4, Resigns.

POSITION No. 513

BLACK (10 men)



WHITE (10 men).

LEFT

A new Batsford book From Beginner to Expert in 40 Lessons is by an interesting author: Alexander Kostyev is director of the Moscow young pioneers chess section, where future GMs learn their trade.

His useful advice for weaker club players includes this diagram to illustrate how to exploit a material advantage. White (to move) has a piece for a pawn, but his position looks scrappy and his king unsafe; how should he proceed?

RIGHT

White mates in two moves, against any defence (by J. L. Peake).

PROBLEM No. 513

BLACK (9 men)

WHITE (10 men)

Solutions Page 20

BRIDGE

E. P. C. COTTER

IN MY first example hand the declarer's failure to make his slam contract was due to muddled thinking and disregard of percentages:

N.
♠ K 9 6 2
♡ Q 7
◇ A
♣ A K 10 7 5 3

W.
♠ 8 4
♡ 9 8 5 3 2
◇ J 10 8 5 2
♣ 9 4

E.
♠ Q J 10 3
♡ 4 3
◇ K Q 4
♣ Q J 8 6

With [illegible] South d[illegible] one heart, North forced with three clubs, [illegible] the opener's rebid [illegible] South made a cue-bid of four spades, which encouraged North to jump to six hearts, and all passed.

West led the diamond Knave to Dummy's Ace, and the declarer, who could count ten top tricks, decided to set up clubs. If the suit breaks 3-3, he said to himself, I can establish it with one ruff; if it breaks 4-2, I shall have to rely on an even break of trumps.

He cashed the Ace of clubs, ruffed a club in hand, and crossed to the Queen of hearts. Now at this point he does not know whether the clubs are breaking 3-3 or not, and his faulty and confused analysis was exposed.

In actual play he drew trum[illegible]eat with four, [illegible]de King, and [illegible]f clubs. Un[illegible]n, East had [illegible]nd the con[illegible]ls to cash Ace, King of clubs, ruff a club, cross to the trump Queen, and concede a club to East, but this does not work, because West can discard both his spades and ruff a spade return from his partner.

The winning line, though simple, is easily missed. At trick two a low club should be led from the table. East wins and returns the spade Queen. The declarer takes this in hand, crosses to the trump Queen, ruffs a club, draws the trumps, enters dummy via the spade King, and runs the clubs to score the slam.

Another rubber produced this:

N.
♠ A 10
♡ A 8 6 2
◇ A 10 2
♣ J 8 5 3

W.
♠ J 9 7 5 4
♡ —
◇ J 7 6 4 3
♣ K Q 6

E.
♠ K 8 6 3
♡ Q J 9
◇ Q 9 5
♣ 7 4 2

S.
♠ Q 2
♡ K 10 7 5 4 3
◇ K 8
♣ A 10 9

South dealt at game to East-West and bid one heart, and North's raise to four hearts concluded the auction.

West led the five of spades, dummy's ten was played, and the King won. East switched to the seven of clubs, and South's nine lost to the Queen. West quietly returned a spade to the Ace on the table, and the declarer proceeded to draw trumps.

It was a blow to find East with all three missing hearts, and with the club King in West's hand, the declarer went down amid the usual protestations of bad luck.

The declarer had only himself to blame for defeat. He should win the opening lead with the Ace, and cash Ace and King of trumps. The unkind distribution is revealed, but he is not worried.

He cashes his diamond King, crosses to the Ace, and ruffs dummy's third diamond. Now he cuts adrift with the Queen of spades, and East wins.

East can cash his Queen of trumps and lead a club for West to make his Queen, but that is the end of the story—West is securely endplayed. A club return runs into the declarer's tenance, a spade or diamond lead concedes a ruff discard.

All in a great wax

BY ALEC HOWE

Madame Tussaud's Chamber of Horrors
by Pauline Chapman. Constable. £8.95. 256 pages

Madame Tussaud's Chamber of Horrors is a pretty odd place. Generations have been mesmerised by the lure of macabre, wax-petrified figures in most inauspicious surroundings. In a society which now spares criminals the gallows, we still seem to have a dubious appetite for an artificial substitute.

Tapping this rich vein, Pauline Chapman—archivist to Madame Tussaud's—has pieced together a new book entitled *Madame Tussaud's Chamber of Horrors*: a celebration of sorts: to mark the two centuries which have elapsed since the forerunner of the Chamber, the "Caverne des Grands Voleurs," was founded by Tussaud's teacher and mentor Dr Phillipe Curtius.

As a six-year-old girl with a flair for modelling, Marie Grosholtz (later Madame Tussaud) became sufficiently proficient, by the age of 17, to portray the ageing Voltaire. Based in Paris during the French Revolution of 1789, she was associated with a fair share of "dying and bleeding heads."

Mrs Chapman's outlandish insights into the discipline of wax sculpture, coupled with her account of Madam Tussaud's fluctuating fortunes as she tried to find a permanent home for her exhibition, blend into a peculiar brand of history. The reader is constantly told that Tussaud abhorred the purely sensational, preferring rather to portray subjects of moral and historical value. Maybe so. But this is no book for the squeamish.

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FINANCIAL TIMES SURVEY

Saturday April 28 1984

Insurance and Insurance Broking

Adverse conditions in North America continue to unsettle world insurance markets. There is still a good deal of excess capacity and competition remains keen. For companies and brokers alike consolidation through further mergers and link-ups seems the likely answer.

Poor omens for the current year

BY JOHN MOORE, City Correspondent

THE WORLD'S risk-takers and risk-brokers have watched the past few months with considerable apprehension. Business conditions have now become so bad in key areas of the insurance induatry that it is argued that things can nnly get better. Whatever optimism there is about the possibility of recovery within the industry is overshadowed, however, by worries that any improvement will prove unsustainable. In which case non-life insurance companies will continue to regroup and merge, while nther companies will face uncomfortable problems.

Conditions can hardly have been worse in recent years for insurance professionals. The main weakness lies in North America, source of just under half of the world's insurance business.

Between 1974 and 1983 total U.S. non-life insurance premiums, which account for nearly half of the total non-life business worldwide, rose by 139.8 per cent, compared with an increase in the Gross National Product (GNP) of 131 per cent — equivalent to annual increases of 10.2 per cent and 9.7 per cent respectively. In most years since the end of World War II total U.S. premiums rose faster than GNP, but since 1978 growth has lagged well behind.

Until 1979 commercial premiums grew faster than total premiums but as the insurance markets became more competitive rate-cutting was more severe than on personal lines of insurance. Business was pegged, rates tumbled and results deteriorated. The combined operating ratio (claims and expenses as a percentage of premium income) of around 111 per cent represented a new low point—and the worst underwriting results since the San Francisco earthquake and fire of 1906 were recorded. The omens for 1984 are not encouraging.

Stockbrokers Sheppards and Chase have forecast that the combined ratio in the U.S. insurance industry will rise to at least 113 per cent. Competition in the U.S. continues, particularly on commercial classes of business, with no real sign of firm rates. Fourth quarter property and casualty insurance companies results for last year were generally worse than expected as heavy weather-related losses, loss reserve increases and accelerated loss frequency and severity trends in workers' compensation and other commercial liability lines have taken their toll.

Analysts' views

Some analysts, like Mr Michael Frinquelli at Salomon Brothers, believe that 1984 will represent a bridge to improving results, helped by manageable economic growth in the U.S. and modestly rising premium rates.

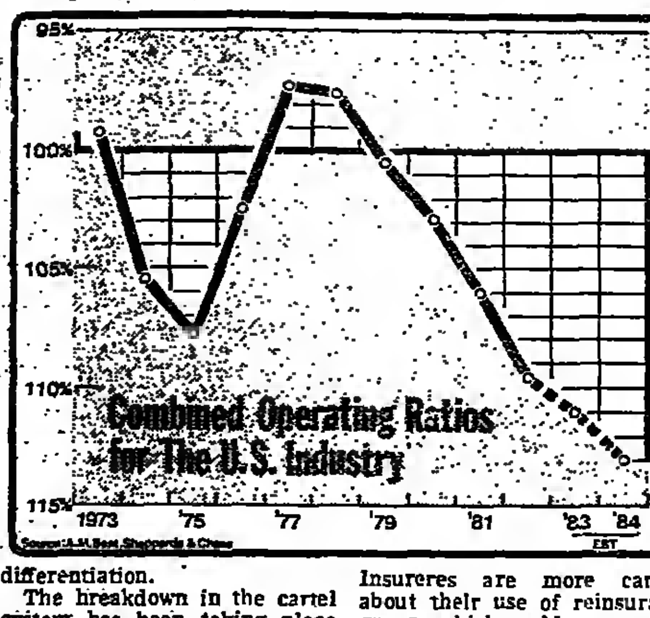
Others are not so sure. There is still chronic overcapacity in the direct insurance market. Foreign companies have established important presences in the U.S. and offshore captive companies continue to syphon off premium from the domestic market. Other powerful new markets are seeking business.

Moreover, the capacity of the reinsurance sector is much larger than it has been at similar points in underwriting cycles. Hurricane Alicia, which cost $675.5m, and the freezing temperatures which engulfed 38 states in late December, costing $510m, were the third and fourth largest losses in U.S. insurance history and led to the worst results for 78 years. Even so, the level of reinsurance taken out by insurers on major disaster claims such as Alicia made it possible for insurers to tolerate losses on a scale that would in the past have prompted higher premium rates.

At the same time the good performance of world stock markets had pushed the industry's solvency margin up to 61 per cent at the end of 1983 which has again encouraged inertia in increasing premium rates.

Other pressures are at work. The U.S. insurance industry has abandoned cartel methods of pricing. These arrangements came into being in 1941 when the courts held that insurance could be subject to regulation and individual states began to set up local committees to establish financial standards and prices.

Since companies had to submit prices for approval, they naturally followed the regulators' recommendations, leading to a rates structure in which there was very little price differentiation.



The breakdown in the cartel system has been taking place for over a decade but gained new impetus by a combination of the competitive pressures induced by the recession and the anti-regulatory climate of the Reagan Administration.

The abandonment of market discipline as tariffs are either disappearing or being ignored has led to mounting chaos as companies struggle for market share. Last year, for example, some companies were undercutting price guidelines proposed by the Insurance Services Office, the nationwide rate advisory body for the property/casualty industry, by as much as 40 per cent.

Amid the encircling gloom there are more positive signs which could lead to recovery. There has been evidence that fringe excess capacity is being shunned as fears grow about the ability of certain companies to meet claims, particularly in the reinsurance market. Insureres are more careful about their use of reinsurance groups which could cause a contraction in reinsurance capacity.

Several leading U.S. insurers experienced negative cash flows for the first time in their history, which it is argued, will put pressure on the market for rate increases.

Against this background the insurance brokers have been experiencing rather different fortunes. Insurance brokers are remunerated largely through commissions paid by the insurers out of premiums they are receiving from the brokers' clients. Theoretically the broker should be locked into the insurance cycle for as premium rates fall so should commissions.

Big accounts

In reality the insurance broking industry has been faring better than the insurance community. The big insurance brokers with established client bases and large lines of "big ticket" accounts have weathered the insurance recession, helped by the high level of interest rates which have boosted revenues from the premiums which they are passing on to the insurers.

The British brokers have managed to consolidate their positions in weak markets. The demand for reinsurance has meant that reinsurance broking has become a more important activity which the London broker has been able to develop in aggressive fashion.

Business volumes from the U.S. to London have increased as more reinsurance cover is sought and formal links and mergers between U.S. brokers and London brokers are developed. The weakness of sterling has also helped to boost the revenues of London brokers while specialisation in arranging protections for large "catastrophe" business has also enabled London firms to maintain their business. International diversification has also helped the large firms such as Marsh and McLennan to weather the storm at a time when smaller competitors have reported major declines in earnings.

With rates rising in the reinsurance market in Europe during the last renewal season the London brokers will again benefit in the current year.

The problems for the larce brokers in recent years has been the movement of money. With insurers worldwide developing "cash flow" underwriting techniques, earning as much interest as possible on balances by taking advantage of high interest rates, the movement of cash between broker, insured, and client has become sluggish.

Brokers may often be funding claims out of their own cash balances while they are collecting from other intermediaries or insurers. Alternatively, some brokers may be holding up the movement of money themselves while they seek to earn the maximum return possible on their cash balances. In any event the complex risk carrying chain, with risks scattered around the world with a variety of insurers of variable security, has added new pressures for the brokers.

The incidence of bad and doubtful debts appears to be rising which requires the brokers to make large provisions which affects the expense items. Large cash resources have had to be spent on developing computer systems to monitor insurance security worldwide.

The brokers' clients are also becoming more conscious of the service which they are being offered. Brokers cannot rely on retaining large accounts at every renewal season as their larger customers try to reduce their costs by seeking the most competitive quotations.

Steady bedrock

The London broker with connections with the Lloyd's insurance market is better placed than his U.S. counterpart. Despite the troubles Lloyd's maintains its dominant market position in marine insurance business and together with London insurance companies insures around 40 per cent of the world's shipping fleets. The market is strictly controlled and rates are held to economic levels through market agreements no matter what competitive pressures may be at work. This provides the London broker with a steady bedrock of earnings at a time when other parts of his business may be hit by other market forces.

Even though Lloyd's share of the non-marine market may be declining, the Lloyd's brok extensive London market change operations specialis in arranging a programme reinsurance offers further su port to revenues.

So far the large insura brokers have remained al from the financial services re lution now taking place a there is little talk by ma firms of plans to widen th services.

Marsh and McLennan has d engaged itself from its ins ance activities outside of br ing and insurance subsidiari have been sold off. In Lond the large brokers, still shock by Parliament's decision th they would have to disenga themselves from active Lloy underwriting ventures, sh little sign of wishing to devel integrated financial servic groups through the develo ment of non-insurance i terests.

This year should see th brokers in London attempt consolidate their positions. Th U.S. brokers with London lin will attempt to develop tho links further while those U brokers without a strong U. parent or close formal relatio ship will be vulnerable accounts are switched to th U.S. broker's London bas More transatlantic marriag could still be in the air.

CONTENTS

Welcome signs of firmer premium rates in some sectors

The markets

PETER STOKES

RECENT comments by the chairmen of the leading publicly quoted insurance brokers, accompanying their financial results for 1983, have pointed clearly to a firming trend in premium rates in some insurance markets. The tightening which took place last year in the reinsurance markets has only begun to affect the attitude of direct insurers to the terms on which they are prepared to accept business.

It would be wrong to suggest that a substantial upswing was already in progress but this observation by Mr Neil Mills, chairman of the Sedgwick Group, sums up the general mood in the industry at present: "Towards the end of 1983 there were signs that the increased cost of reinsurance which a number of insurers were having to face was beginning to lead to increased premium rates on their own direct industrial and commercial business."

It is important to the insurance broking sector that 1984 produces a continuation and accentuation of this trend. The financial results which have so far been reported by broking companies for 1983, while showing significant gains on the previous year, have fallen short of analysts' most optimistic estimates.

Improvements in pre-tax profits have depended heavily on the beneficial effects of the continued weakness of sterling last year, a factor which is unlikely to be repeated—at least to anything like the same extent—in 1984, while declining interest rates have caused a standstill or a fall in the interest income earned by the brokers on their very substantial cash balances. For growth momentum to be sustained this year, therefore, it is vital that pure brokerage and fee income start to rise more strongly than in recent years on a constant currency basis.

Even then there will, of course, be problems for the less competitive brokers. In soft markets it may be difficult to generate an adequate volume of income but it is easy to place business at low rates (although not necessarily with the most secure insurance and reinsurance capacity). In rising markets, it becomes less easy for the broker to satisfy the insured's demand for the cheapest cover consistent with security. It is then that the brokers with most muscle and those with a strong presence in niche markets are able to benefit at the expense of the second- or third-rank "open market" broker. These are the circumstances which could well develop during the course of this year.

The marine market is one sector where the firmer trend is now fairly well established. The Institute of London Underwriters has reported "a growing sense of realism in the market place" and indicated that we may be seeing the "beginning of the end of years of fierce rate-cutting and excess capacity in marine insurance." The latest hull renewal season has been one of the toughest for many years, with insureds able to obtain very little in the way of further rate reductions.

Reinsurance terms have tightened considerably and war risk insurers have been less reluctant than in the past to impose substantial surcharges where appropriate.

With every prospect this year, however, of many more bankruptcies in the shipping industry and with no sign of a general rise in hull values, the volume of business available to the insurance market may not increase sufficiently to ensure that premium rates continue to harden during the next 12 months. Having said that, the situation in the hull market seems to be causing much less concern at the moment than that in the cargo market, which was responsible for very poor underwriting results last year. In this sector it may take considerably longer for the insurance market to begin adjusting its rating to realistic levels.

The aviation market, despite being relatively small in capacity terms, has long been notorious for its reckless rate competition. Last year, however, was so costly for aviation underwriters, with hull claims alone exceeding $450m compared with $290m in 1982, that 1984 could well see a hardening of attitudes. Mr Denis Floyd, chairman of the UK Aviation Insurance Officers' Association, commented recently that casualties involving wide-bodied aircraft were proving very costly for insurers, and he added that signs were now emerging in the aviation insurance market of "a reduction in the amount of irresponsible competition."

Commercial aircraft losses are, of course, only part of the problem for the aviation market, which has also been hit recently by the loss of two space satellites launched from the Shuttle programme for the Western Union and the Indonesian Government, worth nearly $200m. In this specialist sector, pressure for rate increases is now very strong.

Greater stability

In the broad area of international property and casualty insurance it is much less easy at the moment to identify a clear-cut trend towards firmer rates. Undoubtedly the higher cost of reinsurance is having an effect on direct insurers' attitudes, since if their retentions increase, so most their desire to correct under-pricing. There is still, however, a very large amount of insurance capacity available in the major markets of the world, and it would be premature to say that a general move towards higher rates is discernible. Perhaps it would be more accurate to say that no further weakening is apparent and therefore that the markets are displaying greater stability.

The current year will be of considerable interest if, as is widely hoped, the economies of the industrialised countries, led by the U.S., move into a phase of sustained recovery without a marked increase in interest rate levels. If such a development occurs it could well be the factor needed to bring about the long-awaited strengthening of premium rates across the board. The question then will be whether improved conditions will produce a renewed influx of capacity which has been lying dormant in recent years.

One sector where rates have definitely been on the move is UK motor, at least in the UK market. Between 1982 and 1984 the leading UK insurers have pushed up rates by an average of approximately 8 per cent, and Mr Deryk Farley, chairman of the Lloyd's Motor Underwriters' Association, commented recently that over the next 12 months "we will see a general round of rate increases in the motor market, the levels of which could well vary from 7.5 per cent to 17.5 per cent." Even the smaller companies operating at the cheaper end of the market are now raising their rates.

For the brokers, motor cover is the preserve largely of the small retail companies rather than the major international wholesalers. It has been lucrative business for some of the companies with chains of High Street offices, however, and profitability should be enhanced as a result of the current trend.

Finally, in the life assurance sector, currently going through major reappraisals as a result of the Budget measures, the position of the broker is particularly difficult to assess. With traditional life cover only one aspect of a total package including the whole range of employee benefits and personal tax planning, this has been seen as an attractive area for expansion by many of the leading brokers. In North America it is already a major part of the business of such companies as Marsh and McLennan.

In the UK recent years have produced substantial growth in this market, but it is possible that group pension business may now be easing off, while the personal financial management sector may be increasingly threatened for the brokers by the expansion of the life assurance companies' direct sales forces. It is certainly not a sector in which any participant can afford to become complacent.

U.S. London presence likely to increase

Transatlantic links

CHARLES BATCHELOR

U.S. BROKERS have established a sizeable presence in the British insurance market over the past six years. Yet while some UK brokers feel that the U.S. invasion is now complete others take the view that more mergers can be expected.

The four U.S. brokers which already control British companies might make further acquisitions or, less likely, some of the second-rank American groups might seek a UK presence.

Some of the mergers which have already taken place have been accomplished smoothly. Others have run into spectacular difficulties. The echoes of the problems of Alexander & Alexander (A&A), the second largest U.S. broker, continue to reverberate, although earlier this month it reached a settlement with four of the five former executives it had accused of misappropriating $55m from Alexander Howden, its British subsidiary.

The exodus of senior executives from C. T. Bowring which followed the contested takeover by Marsh & McLennan (M&M), the largest U.S. broker, appears to be over. Bowring says it is now entering "a period of development and expansion" after spending two to three years cementing links with its U.S. parent.

The U.S. brokers came to London for a variety of reasons. By tradition they had concentrated on their own large home market but the growing size of individual risks forced them to seek additional capacity overseas. British brokers have well-established international connections in Europe and elsewhere.

They were anxious too to gain direct access to the Lloyd's market, previously been the exclusive preserve of the British brokers. Lloyd's was the key to their developing profitable reinsurance programmes.

The UK broker placing an account with Lloyd's for an American partner would share the initial commission but could then earn further commissions by arranging an extensive reinsurance programme. The Americans wanted a larger share of these revenues. To retain the business of their multinational clients the U.S. brokers had to show that they had an adequate network of offices internationally. A London base brought them closer to underwriters in the UK and on the Continent.

The UK brokers in turn realised that increasing international competition made a link with a U.S. partner desirable. It would bring them closer to the U.S. insurance market which still generates half the world's premium volumes. It was important not to get left behind as individual companies grew larger.

Two examples illustrate how U.S. companies have developed their new British subsidiaries and the problems they have faced. A&A bought Alexander Howden for $299m in January 1982. It subsequently discovered the alleged misappropriation of funds and this, along with losses on Howden's underwriting business, forced the U.S. company to pump $100m into Howden. A&A was itself pushed temporarily into the red.

Purchase right

Mr Dick Page, chairman and chief executive of Howden for the past five months, remains convinced that A&A's purchase of the UK company was right.

"There is no question we needed the Lloyd's link," he says. "We had to follow our customers abroad. This is a service business and we cannot exist unless we sit and look our clients in the eye. We just stubbed our toe along the way. We have tried to isolate the problems we encountered and the worst is behind us."

"A&A has no intention of putting an American in permanently," he explains. "We want this to remain a British firm. Howden has complete autonomy on a day-to-day basis.

"I am here to achieve specific goals, co-ordinate the U.S. and UK operations, put in place the strategy and people for the future and then return to the U.S."

Page is now attempting to make the best use of the respective strengths of Howden and its U.S. parent and to develop those areas where Howden was not traditionally strong.

He intends to expand Howden's wholesale broking operations—whereby Howden places business passed on by A&A and other brokers with Lloyd's underwriters—alongside the British company's traditionally strong reinsurance activities. But unlike some other U.S. groups, notably Marsh & McLennan, A&A does not insist that all its U.S. business is channelled through Howden.

"We expect Howden to be the first port of call," says Page. "But we would accept that business which required a special expertise should be placed elsewhere."

At C. T. Bowring, acquired for $569m by Marsh and McLennan in April 1980, Mr Gil Cooke, chairman and chief executive, believes further mergers may take place.

"It is quite feasible that there will be more to come, or a British broker may do the reverse," he says. "But any more U.S. buying would be one of companies already established here adding to that link."

Contested bid

Bowring had the dubious distinction of being the only UK broker to be acquired in a contested takeover bid. Plans for Bowring and M&M to pool their insurance interests broke down, and an acrimonious wrangle broke out as Bowring attempted unsuccessfully to fight off M&M's bid approach.

More than 20 senior executives left but Mr Cooke, managing director at the time of the bid battle, stayed and Bowring's British management remained largely in place.

"We lost a few very highly rate colleagues but we plugged the gaps inside a couple of years," he says. "We have handled M&M's business for 70 years and the long-lasting links stood the test."

Mr Ivor Binney, deputy chairman of Bowring, comments: "We have a substantial degree of independence though we are subject to M&M's procedures and guidelines. Initially we were worried but we pretty soon learned that they had a kid glove approach."

Both men believe that the take-over of Bowring was essential to give credibility to M&M's growing international operations. "M&M has substantially achieved its goals in terms of the London market," says Binney. "But it is an opportunistic company and we are now in a period of expansion after two to three years of consolidation."

Bowring's pre-tax profit rose 41 per cent to £27.7m in 1983 on operating revenues 16 per cent higher at £97.5m.

Two other leading U.S. insurance brokers control companies in London. Frank B. Hall was the first large U.S. broker to buy into London when it acquired Leslie and Godwin in 1978. Another U.S. broker, Fred S. James, controls 53 per cent of Wigham Poland. James itself was taken over by Transamerica Corporation, a U.S. financial services group, in 1982.

In addition the Canadian insurance broker, Reed Stenhouse, has recently taken control of Stenhouse Holdings.

Findings of high-powered review awaited

Pensions

ERIC SHORT

THE GOVERNMENT is in the process of making a complete review of pension provision in the UK, involving both state and occupational pension schemes. The task has been entrusted to a high-powered committee under the chairmanship of Mr Norman Fowler, Secretary of State for Social Services.

Although the committee is covering all aspects of pension provision, it is dealing with the subject of portable pensions as a matter of urgency.

A special sub-group under the chairmanship of Mr Fowler has been considering evidence on the subject from a wide variety of bodies and individuals. Essentially, the subject is whether employees should be allowed to opt out of their company pension scheme and make their own pension provision, in a manner akin to that of the self-employed.

Life companies and registered insurance brokers are at the very heart of the debate, simply because they operate in both sectors.

Life companies are still one of the major forces in the company pensions field, though much more emphasis is now being placed on providing investment management services.

Main providers

Life companies are also the main providers of personalised pension contracts as they exist at present. They are the main providers of personal pension contracts for the self-employed and individual pension contracts for controlling directors and executives.

They are by far the largest providers of Additional Voluntary Contribution schemes (AVCs) and have recently extended their activities to Section 32 schemes—schemes that accept transfer payments received by employees when they change jobs.

Registered insurance brokers are very much involved in both pension activities, advising on major corporate group pension schemes, pensions for executives and for the self-employed.

The major pension consultants, many of which are subsidiaries of the multinational insurance broking groups, have thriving and rapidly growing individual financial planning departments in addition to their mainstream corporate pension and employee benefit operations.

So life companies and registered insurance brokers could present their views to the enquiry having collective experience of both sides of the discussion. Whereas the other bodies tended to present views that were influenced by their own operations, life companies and registered insurance brokers could give a more balanced view.

The consensus view of the Life Offices Association and the Associated Scottish Life Offices was that personalised portable pensions should be made more widespread but as an addition to and not in lieu of company pension schemes.

The associations envisaged a third tier personalised pension to go on top of the first and second tier provision from the state and company pension scheme.

The evidence pointed out that the framework for this third tier already existed in AVCs and personal pensions. All that was needed to make it available to all employees was for the Inland Revenue to standardise and liberalise the present limits on tax concessions.

The Society of Pension Consultants, which represents the major pension consultants and many of whose members belong to the major insurance brokers, went to great lengths to point out the dangers of tampering and breaking up the present system.

The British Insurance Brokers Association also wants the Government to liberalise pensions within the existing framework, though the smaller members of BIBA may adopt a rather different line. The small broker could market personal pensions, but does not get much opportunity of dealing with large group schemes.

The National Association of Pension Funds, the Confederation of British Industry and the Association of Consulting Actuaries all support the concept of a third tier pension and have been strongly advocating this line in their written evidence and in the oral evidence given to the inquiry.

However, a number of life companies have dissented from this line. They want the full-blooded freedom as put forward by the Centre for Policy Studies. Not surprisingly, these life companies have no mainstream company pension business but see portable pensions as the opening for expanding their existing personal pensions operations.

Indeed the Save and Prosper Group was the pioneer in producing a unified personal pension contract—the Personal Retirement Account. This brings all four types of personal pensions contract within one policy. The policyholder does not have to take out a fresh contract if he changes from being self-employed to being employed.

This concept has now been followed by other life companies—Hambro Life and Confederation Life—which have produced their own version.

Save and Prosper used its Personal Retirement Account as a blueprint for a personalised portable pensions system and the company's ideas have been closely questioned by the inquiry.

The big question is how far will Mr Fowler be prepared to go along the road to complete personalisation. But whatever his decision, the life assurance industry and life salesmen stand to gain.

For even if Mr Fowler does no more than accept the third tier concept, the future looks bright for salesmen. If he puts AVCs on a personal basis, instead of the present company basis, a very big market opens up for salesmen.

Higher levels

Already there are signs that life salesmen are devoting more effort into selling pension contracts. March is usually a busy month for sales of self-employed pensions. But life companies are reporting much higher levels of business than normal.

However, the Chancellor in withdrawing LAPR has made the life assurance industry jittery. They are now wondering what he will do next year in his pursuit for fiscal neutrality. Every tax concession is now regarded as vulnerable, in particular those in the pension field.

The Treasury in the post-Budget report stated that it would be reviewing the whole situation of pensions during the next year. Immediately everyone thought that he would at least go after the tax free lump sum commutations.

But tax-free lump sums are enshrined in legislation as far as the civil service and other public sector pension schemes are concerned. The life companies may have been supine in their attitude to LAPR. The public sector trade unions would be a different proposition if he went after pension tax concessions.

Meanwhile the life assurance salesmen are now giving much more consideration to the use of pension contracts in personal financial planning.

The major life companies which were prominent in the group pensions market have over the past decade found that companies were switching their pension schemes from being insured to being self-administered. Life companies are now finding that they have to offer management of segregated funds and thus compete with merchant banks and stockbrokers in order to maintain a presence in this changing field.

A move to personalised pensions would reverse this trend and funds that have been slipping away to other investment managers would start to come back to the life companies as personalised pensions.

The supporters of personalised pensions have advocated that a variety of financial institutions, such as unit trusts or building societies, should be allowed to offer personalised pensions besides the life companies.

But pensions have to be sold. Very few employees would bother about pensions until they had reached their 50s. The life assurance industry is the only financial institution with a comprehensive marketing framework where employees would be sold pensions in their own homes.

If personalised pensions becomes a reality, then the life assurance industry has more than a head start in carving out a major share of the market.

ANALYSIS OF AGENCIES AT LLOYD'S
(as at September, 1982)

1	Total number of underwriting agents in market divided into:—			
	(i) Number of pure managing agents	=	35	(11%
	(ii) Number of pure members' agents	=	105	(35%
	(iii) Number of managing/members' agents	=	163	(54%
2	Total number of managing agents identified as having a divestment problem divided into:—			
	(i) Number of pure managing agents	=	19	(17%
	(ii) Number of managing/members' agents	=	95	(83%
3	Syndicates:—			
	Total number of syndicates in Lloyd's market	=	431	
	Number of syndicates managed by the 114 agents	=	308	(71%

The great debate on divestment

Lloyd's

JOHN MOORE

BY JULY 22, 1987 all Lloyd's insurance brokers will have had to divest themselves of their interests in underwriting managing agencies within the Lloyd's insurance market. Yet so far the divestment proposals, as framed in the Lloyd's Act of Parliament of 1982, have provoked intense argument as to their implementation.

The divestment requirements were ordered by Parliament after evidence was heard before a Parliamentary committee during the passage of the Lloyd's legislation for improving self-regulation in the market that actual abuses arose in the relationship between brokers and managing agency companies which they owned.

At risk of abuse in the relationship between brokers and managing agents are the interests of the members of Lloyd's, the interests of the assured and the interests of the Lloyd's market. Just three brokers through their managing agency links probably manage the affairs of around half the members of Lloyd's. The eight largest broker-controlled agencies are owned by the eight largest Lloyd's brokers, who together account for over 60 per cent of the premium income of Lloyd's.

Because of the potential and actual conflicts of interest which arose in the relationship Parliament insisted that brokers "divest" themselves of their interest in managing agencies. But the wording of the Lloyd's legislation is ill-defined on the matter of divestment.

Under sections 10, 11 and 12 of the Lloyd's Act, the Lloyd's ruling council must not permit a person to act as a managing agent if that person is, or is associated with, a Lloyd's broker — and vice versa.

"Managing agent" and "Lloyd's broker" are defined in section 12 of the Act and include firms, partnerships and individuals. "Association" is defined by the Act principally in terms of ownership of stock, shares or securities and extends to both corporations and individuals, including their families and business associates.

Where an "association" existed between a broker and a managing agent at the date of commencement of the Act that "association" must be terminated not later than July 22, 1987.

Primary problem

The problem with the primary legislation of the Lloyd's Act is that it does not mention what form of divestment would be acceptable, how it should be achieved or what form of agreements would be necessary to demonstrate that divestment had taken place.

The legislation does not expressly say that managing agencies should be "sold off" by the brokers. Rather, it is left to the ruling council to prohibit a person to act as a Lloyd's broker if that person is a managing agent or associated with a managing agent.

Naturally, the brokers have been quick to exploit the weaknesses in the legislation. Various schemes are being devised by the brokers to retain links with the agency companies on a covert basis while appearing to observe the requirements of the legislation.

Some brokers, who have formulated divestment plans have struck deals with the agency companies of which they are ostensibly disposing. In these deals brokers have secured guaranteed places on Lloyd's insurance syndicates of the agency company which they are disposing for members which they introduce to Lloyd's.

Moreover, agreements have been reached in one or two deals under which executives of the agency company are allowed to "buy out" the right to manage the agency while reaching another deal with the broker to pass over the bulk of the revenues from the syndicates.

The brokers are naturally reluctant to sever links with Lloyd's underwriting interests. They fear it will reduce their power in the market, particularly over pricing matters, and deny them access to much in-house reinsurance business which they arrange for insurance syndicates under their management and which generate large revenues.

Although the brokers are to be allowed to retain their members' agencies, through which they introduce members to the Lloyd's market — and roughly 80 per cent of the members of Lloyd's are introduced to the market in this way — the brokers are keen to retain links with the management companies of the syndicates.

Even so, the retention of members' agencies by the brokers will give them a large amount of clout in the market. There are a number of ways in which income is earned and then apportioned between the members and managing agencies. For example a flat fee of 1 per cent of the members of Lloyd's premium income is charged and then split 60 per cent to the managing agency and 40 per cent to the members' agency. A profit commission of 20 per cent of the syndicate's total profit (including investment income, capital appreciation and other revenues) is levied and then split three quarters in favour of the managing agency and one quarter to the members' agency.

By simply redrafting an underwriting agency agreement between the Lloyd's broker's members' agency company and the managing agency with which he is obliged to sever his shareholding links the broker — so that the members' agency receives the largest proportion of the revenues — the broker need feel little financial impact because of the divestment proposals.

For these reasons Lloyd's has been attempting to resolve the ambiguities of the legislation. Last January Mr Peter Miller, chairman of Lloyd's, indicated to the market that the "council has a duty to take steps and powers to ensure that the philosophy of the Act is respected throughout the market. The council has, therefore, determined that the Act should be supplemented by by-laws which will secure that commercial links between Lloyd's brokers and managing agents do not survive in such a way as to permit either to exercise influence over the other except as a consequence of normal commercial relationships."

The bye-laws are due to be announced shortly, but the council's move has created further ambiguity so far. What is acceptable as a divestment scheme has not been stated yet by the council, which has opened the way for considerable argument. The council has said that it is up to the brokers and managing agents to make their own arrangements for divestment. Moreover, while the interested parties are required to disclose their plans to Lloyd's there is no requirement for them to disclose their contractual arrangements to anyone else for more independent assessment.

Not defined

More significantly, the council has said that a Lloyd's broker controlling a members' agent would be allowed to retain "normal commercial arrangements" between its members' agent and a managing agent. But the council has not defined "normal commercial arrangements."

So far the council has already abandoned attempts to curb the influence of the broker in members' agencies in the face of opposition from the brokers.

The challenge now for the council is one of its own making. In setting an objective to ensure that the spirit of the Lloyd's divestment requirements are observed it may mean that precise rules will have to be drawn up about the revenue-sharing relationships between brokers' members' agents and managing agents which they control. Until now these relationships have been viewed as "normal." Once the divestment legislation comes into force they may look "abnormal" and irregular unless firm guidelines are established to ensure that Parliament's intentions are observed.

INSURANCE AND INSURANCE BROKING IV

John Moore reports on the views of senior members of the international insurance broking community.

Left to right: Mr David Rowland; Mr Christopher Price; Mr Carel Mosselmans

ROBERT HATCHER Jr
Chairman and Chief Executive officer, Johnson and Higgins

'Direct access to Lloyd's'

"THE COMBINED loss ratio for the insurance industry in the U.S. in 1983 was in the neighbourhood of 111 per cent and 1984 should be no better. Reinsurers had uniformly bad combined loss ratios and there is evidence that the reinsurance market is tightening," observes Mr Hatcher, head of one of the largest U.S. brokers. "The upswing in the cycle is inevitable but it will be slower than normal and rates will never return to what they were."

Of the changes taking place in financial services Mr Hatcher says: "Our industry's alter ego has always been banking. Insurance is essentially a credit transaction. In fact, insurance is analogous to ready credit or a standby loan. A major difference is that in our case—if the loan is triggered—there is no obligation on the part of the borrower to repay it."

He argues that no particular synergy has emerged from financial service mergers and takeovers in the last two decades.

"There is a basic problem. Business functions that are highly evolved simply resist change. Thus, security salesmen don't sell much life insurance; life insurance agents don't seem to thrive on selling securities; and real estate agents seldom are successful insurance brokers."

As the brokers' services expand into consulting functions, he says, "so will their fee income increase. But with those that attract commissions, our preferred approach is to accept normal commissions. One of our concerns has been and continues to be the preservation of equity between one client and another."

Of his group's strategy he says that Johnson & Higgins, one of the world's largest brokers, will be forming two more insurance syndicates on the New York Insurance Exchange, where the group already has three syndicates in operation. "We have given new emphasis to our reinsurance operations. We have added another tie to our 92 year old relationship with Willis Faber. Willis Faber has joined forces with us in Willcox Incorporated, our North American reinsurance subsidiary. With Willis Faber, we've established a Lloyd's broker, Willis Faber & Willcox which now gives us direct access to the Lloyd's market."

CAREL MOSSELMANS
Chairman, Sedgwick Group

'Rates harden in London'

MR Carel Mosselmans, newly appointed chairman of Sedgwick Group, says that pricing in London on insurance business is hardening while rates in the U.S. are "still fairly much on the bottom."

There were signs towards the end of 1983 "that the increased cost of reinsurance which a number of insurers were having to face was beginning to lead to increased premium rates on the direct industrial and commercial business. The level of rates on fire and casualty business has certainly stabilised and in some cases where experience has been unfavourable increases have been obtained."

Marine hull and aviation rates are hardening in London, he reports, and there has been some reduction in capacity. But rates have yet to firm up in offshore oil and cargo business. In the U.S. fire and casualty markets show "no visible sign of rate hardening and capacity is still available. However, where international fire and casualty business is written in the U.S. there are signs of a reduction in capacity due again to the effect of the reinsurance markets."

Mr Mosselmans is unenthusiastic about insurance brokers diversifying into other financial services activities. "The fact is that the brokers have quite enough on their hands without diversifying much more widely. In the personal lines side of the business, however, and particularly in respect of personal financial management allied with life assurance there has been a tendency to branch out into financial advisory services. Generally it appears that insurance brokers are more concerned with insurance related activities rather than branching out into areas such as security dealing and market making."

How should brokers receive their remuneration in the future? "In certain classes of business there has been a tendency towards a fee basis as opposed to commission. Any such arrangement is always subject to individual negotiations in respect of individual classes of business. This approach aims to stabilise the broker's income flow so that his revenue is not so markedly influenced by changes in market conditions or client requirements. It is possible that this trend may continue but the fact that each class of business approaches the problem in a different way means that no common trend is apparent."

DAVID ROWLAND, Chairman, Stewart Wrightson

'Wish to stick to their trade'

"THERE IS real evidence in the aviation market that the direct rates have moved upwards sharply," says Mr David Rowland about the underwriting cycle. He feels that overall "rates will not decline in 1984 and in certain specialist areas will harden. I think we shall have to wait until 1985 before the general increase shows through the whole market."

Mr Rowland argues that insurance brokers in London may tend to be "*somewhat inward-looking*" and stand back from the financial services revolution now taking place. "The consequence of impropriety in the Lloyd's market and the subsequent reaction has been to cause brokers generally to wish to stick to their particular trade rather than to branch outwards into related — or unrelated — financial services."

On brokers' remuneration he says that there has been a shift from the traditional commission basis over to a fee or some form of 'controlled commission.' This has certainly been true in the pensions area and to a large extent true with all major buyers of insurance in the UK retail market. "For substantial purchases I think this trend will continue. As far as the bulk of international wholesale and reinsurance business is concerned I think commission will and should remain a sensible basis of remuneration into the future."

Of his group's strategy he says: "We have always regarded the New York Insurance Exchange as an interesting market. Stewart Smith as brokers were founder members. Nasco Karaoglan, a company in which we have a 40 per cent interest, are syndicate managers."

His group is obviously considering the divestment issue and the prospect that its Lloyd's managing agencies will have to be hived off by 1987. "I remain convinced that divestment is an inevitable but regrettable reaction to the disclosures of impropriety in the market and a change that we shall regret long into the future."

He observes that at the London Stock Exchange there is a prospect that the functions of stockbroking—or agency work—will be fused with that of stockjobbing—market making, which is a principal's role. "The contrast with the events concerning dual capacity and the permitted inter-relationship of firms of different functions in the stock market make the Lloyd's situation hard to comprehend."

Nevertheless, he has an optimistic view about traditional insurance markets such as London "and Lloyd's in particular," observing that London will continue to change to become more of a reinsurance rather than a direct insurance market.

CHRISTOPHER PRICE
Managing Director, Hogg Robinson Group

'Better signs for insurers'

MR CHRISTOPHER PRICE, managing director of British brokers the Hogg Robinson Group, says that the recent increase in interest rates in the U.S. and the continuing strength of the dollar "are to some extent likely to detract from the international underwriting market's wish to increase rates."

He adds: "The last renewal season has seen a very much tougher look at unprofitable and poorer classes of business." There has been "a significant reduction in the capacity provided. The reduction in capacity coupled with some rate increases means that the signs for insurers are better."

He is wary of the new trends towards financial conglomerates. "Previous experiments in providing commercial customers with all forms of financial services have not really succeeded. Professionals choose the services of insurance, banking, travel and stockbroking quite separately.

"I do not believe that they will necessarily wish to use one conglomerate for all these activities. In the case of the private individual, circumstances are probably different. The new concept of "one stop" purchasing of financial services may well apply and those brokers who specialise in this latter area may well widen their activities."

He argues that since it is a buyer's market in the insurance community at present "insurance companies will wish to use commission as an incentive to brokers to sell their product."

Fees as a basis of remuneration, he says, "are an aspect of our business but they remain only a minority of the total percentage of most broker's income."

Hogg Robinson is increasing its activities into risk management, claims management and similar activities. "Our risk management service saves the insurer or the insured costs," says Mr Price. "We are developing specialist services in more esoteric areas which enable the underwriters and clients to have better information with which to assess risks."

Slow to lift off but hopes flying high

American exchanges

CHRIS MORRISON

STRONG competition in U.S. and world reinsurance markets is continuing to hold back the development of the three "Lloyd's style" insurance exchanges in New York, Chicago and Miami.

The three exchanges are essentially reinsurance markets where other insurance operations can buy protection and limit their own portfolio liabilities. Individual syndicates compete within a central marketplace for business which is introduced by brokers.

Unlike Lloyd's, the world's largest insurance exchange which is backed by individual investors, the syndicates are mainly funded by companies and liability is limited. Various last resort security funds provide additional security.

The largest American exchange is located in New York City and it is heavily backed by the state's powerful insurance community, who have invested considerable prestige in its ultimate success. The two exchanges based in Chicago and Miami are much smaller operations and both face a considerable struggle to make a significant impact.

Despite the New York Insurance Exchange's impressive list of backers it had a dismal financial year in 1983. Gross written premiums rose by over 80 per cent to $282.2m but a $2m profit performance in 1982 turned into a $10.2m operating loss in 1983. For every dollar received by the exchange syndicates during the year they paid out in claims and expenses a total of almost $1.20. At the net level, after the syndicates had bought their own reinsurance protections, the premiums totalled $178.5m.

Considerable concern has surrounded the level of expenses levied on individual syndicates by the exchange. Despite the rise in gross premiums they accounted for 1.1 per cent of this total compared with 1 per cent in 1982.

There were, however, a few encouraging signs in the four year old market. Trading continues to rise, with 12,644 submissions recorded against 7,209 in 1982. Eight additional syndicates started operating, bringing the total up to 43. By the end of the year the exchange had become the ninth largest reinsurance operation in the U.S.

Lost syndicates

The Chicago exchange meanwhile recorded gross premiums of $8m during the same period but it suffered a major setback with the removal from trading of two syndicates backed by Reliance Insurance and Allstate Insurance. As a result the exchange had only five syndicates operating at the end of last year, compared with six in 1982.

The Miami exchange, known as the Insurance Exchange of the Americas, suffered initial authorisation delays but it opened its doors last April and is claiming $10m gross premiums to the end of December.

Twelve syndicates are said to be trading but this is a disappointment in the light of past predictions by exchange chief executive Alan Teale that 25 or so syndicates would be in place by the opening date.

Despite current operating difficulties the exchanges continue to make optimistic predictions for the future. All hopes are pinned on an upturn in the reinsurance market as competition eases and premium rates become more expensive.

The big hope is that the exchanges, particularly New York, will provide additional domestic U.S. reinsurance capacity and reduce the flow of premiums out of the American market. But to date there has been a relaxed attitude towards this extra capacity in the major insurance centres of the world such as London.

In part this is due to current size but it is also felt that much of the business currently being placed with the New York syndicates was never destined anyway for the traditional international reinsurance centres.

Although New York obtains most of its premium income from reinsurance it is able to underwrite non-standard or innovative risks, known locally as excess and surplus lines. It was able to write this business in 34 states at the end of last year but the premiums involved are still small and totalled only $4.5m last year. This direct business, however, is continuing to increase at a particularly rapid rate.

Ironically the New York exchange is not permitted to write direct business in its own state unless it has been rejected by a panel of insurers operating in the New York "free trade" zone.

Develop system

However, before the exchange can become a strong direct market it will need to develop a "lead" system under which recognised underwriting specialists set premium rates which are followed by the rest of the market. The system is widely used at Lloyd's.

The existence of a "lead" and "follow" arrangement tends to favour more controlled competition and in addition it helps the broker place a risk quickly around the market.

The New York Insurance Exchange is mainly a "follow" market at present and observers have suggested that it will need many years of experience backed by financial performance to be built up before a significant "lead" system emerges.

The insurance exchange concept is new to the U.S. insurance market, which has been traditionally dominated by large corporations located in many of the major cities spread across the country.

In New York a syndicate must select an underwriting management company before it can commence trading. The management company appoints the underwriter, who must be approved by the exchange, to accept business on the syndicate's behalf.

Business comes to the exchange from either full broker members or associate brokers. Full broker members have exchange voting rights and are permitted to introduce risks on behalf of non-broker members. Associate brokers have no voting rights and can only place business for their own account.

One major advantage often claimed for an exchange is that it offers substantial cost savings to corporate and individual investors who wish to participate in the important American insurance market.

Once a syndicate is trading the exchange's aggregate surplus allows it to participate in business that would not be open to it on an individual basis. Capital requirements for New York syndicates amount to $2.5m, in Chicago $2m and in Miami $1.5m.

At the end of 1983 the New York Insurance Exchange's 43 syndicates could muster an aggregate surplus of $189.5m. There is substantial local support and the annual report lists over 71 participants from 25 countries outside the U.S. They include Willis Faber Europe and Pearl Assurance from the UK, Allianz from West Germany and the People's Insurance Company of China.

Chancellor's action removes best salesman

Life business

ERIC SHORT

AT THE BEGINNING of March the UK life assurance industry was on the crest of a wave. New life business had broken all records in 1983. Unit-linked business continued to expand as more traditional life companies became established in that sector. Traditional with-profits business, a static market for many years, enjoyed a resurgence thanks to the introduction of the new system of crediting tax relief on mortgage interest, known as MIRAS.

Everything indicated that 1984 was going to be another good year, with the mortgage market taking off. Then came Mr Nigel Lawson's Budget on March 13 and all the euphoria disappeared.

For the Chancellor brought to an end tax relief on life assurance premiums as from midnight on Budget day and the UK life assurance industry lost its best salesman.

Life Assurance Premium Relief (LAPR) had been available to individuals taking out regular premium life assurance for more than a century. It gave life assurance an edge over most other forms of savings. But its advantage as a sales aid far exceeded the actual financial benefit conferred on the saver.

A life salesman had only to mention the tax relief and the prospect of getting something back from the Inland Revenue to secure the deal against competition from other forms of savings.

However, the life assurance industry, at least on the company side, seems to have quietly acquiesced to the Chancellor's action. The protests from the companies and from their associations have been muted and convey an air of resignment.

The industry has apparently accepted that LAPR has gone for ever and it does not think that the efforts of a handful of MPs will succeed in getting even a partial restoration of LAPR for protection policies.

Instead, most life company chief executives have been at pains to stress that there is "Life after Lawson"—that the Chancellor has not abolished people's need for protection; that life assurance still offers a better return than many other forms of saving, particularly for the higher rate taxpayers. In short they claim that life companies will continue to operate successfully despite the loss of LAPR.

The spokesmen claim that life assurance will now be sold on its all-round merits instead of just on LAPR. The implication is that life salesmen will have to work that much harder selling the products from the wide range available from life companies.

The salesmen themselves have been very quiet on the future of life assurance after LAPR. Either they are still suffering from the shock of the announcement or recovering from the frenzy of activity that took place in the few days ahead of the Budget, thanks to a timely leak to the press that LAPR was going. Perhaps they are waiting to see how things turn out before making predictions for the future.

The first reaction to the loss of LAPR was that in the short term more emphasis would be given to marketing pensions and unit trusts—two forms of saving that were not affected by the Budget.

Pension contracts in particular are far more tax-efficient than life products in many respects and the tax reliefs can be highlighted just as LAPR was highlighted. Indeed the use of personal pension policies to repay a mortgage, the so-called pension mortgage method, was advocated instead of a low cost mortgage before the Chancellor had finished speaking.

There seems little doubt that many salesmen will be putting more emphasis on pensions than before. However, so much is happening in the UK pensions scene that the subject is dealt with in aonther article in this survey.

The tax advantages of unit trusts over linked life assurance are less easy to market, since they relate to the taxation of the funds and of the ultimate benefit. There is no immediate subsidy from the Revenue. In addition, the changing structure of unit trust regular savings plans does not enable them to be marketed directly.

The feeling is that the mix of products being sold to the public will change following the loss of LAPR, with les emphasis on investment and more on protection.

This latter feature is somewhat ironic since the loss of LAPR will add 17.65 per cent to the cost of protection policies. Presumably more protection will be sold because the salesman will now be motivated to sell it, even though it is more expensive.

Linked contracts

The efforts of the salesmen are likely to be concentrated on the new style linked whole life contracts, pioneered by Hambro Life, which pay the maximum commission, rather than on straight term and family income assurances where commission payments are minimal.

The longer-term effects of the loss of LAPR are that it will accelerate the moves by life companies to develop their own direct sales forces instead of relying entirely on independent intermediaries. It will give more impetus to moves by life companies to develop integrated financial services.

Hambro Life has been a pioneer in developing financial services. Last autumn it launched its Personal Portfolio service, using its recently acquired banking company Dunbar.

Then a few days ago it linked up with Charterhouse J. Rothschild, where if the deal goes through to completion will have the means to offer integrated financial services to corporate bodies and individuals on an international basis.

The life assurance industry is waiting to see if this latest venture succeeds. If it does then there will be a host of imitators. BAT Industries, when it acquired Eagle Star, gave one reason for the move as developing financial services.

One feature concerning the introduction of MIRAS was the growing links between life companies and building societies. Under MIRAS, a low cost endowment, with LAPR, offered as good as or even better return than the repayment method.

Building societies did a strong marketing exercise to persuade borrowers to switch to using low-cost endowments, offering special terms from a panel of selected life companies.

The loss of LAPR has made the existing low-cost mortgages less competitive and the immediate reaction was that the Chancellor had ended the low-cost mortgage.

But even in the few short weeks since the Budget it has become apparent that many building societies are not going to let the endowment method get killed off by the loss of LAPR.

The UK life ssura industry is undergoing rad changes in its method of c trol and operation quite s rate from the influence LAPR. In particular it is last grasping the thorny p lems of licensing and con of commission payments— subjects that received a lot attention from Prof Jim Gov in his review of investor p tection.

At present registered ins ance brokers are the only l salesmen subject to a string form of control. Prof Gov put forward the concept of s regulation backed by statute a variety of bodies, includi life assurance.

The licensing proposals f life salesmen being register insurance brokers was pi eered by the Life Insurar Association several years a The Life Offices Association a the Associated Scottish L Offices have now formally p duced a set of proposals f licensing within the prese company structure.

Efforts by traditional li companies to establish a syste of controlling commission pa ments led to the recent form tion of ROLAC, the Registry Life Assurance Commissions. I formation has been welcomed b Prof Gower but boycotted b the great majority of linked li companies and by a few trad tional ones. Unless these con panies change their mind ROLAC is a non-starter. Pe haps Prof Gower will commen further in the coming autumn.

WORLD STOCK MARKETS

WALL STREET

Blue Chips meet resistance

LOWER LEVELS developed by mid-session as Blue Chips met with technical resistance following three straight days of increases.

By noon the Dow Jones Industrial Average was off 4.39 to 1,170.96, reducing its rise on the week to 12.88, while the NYSE All Common Index, at $91.93, shed 10 cents on the day but was still up $1.10 on the week. Declines however, held only a slight lead over gains. Volume decreased 5.41m shares to 54.25m, compared with noon Thursday.

Analysts said the Dow was experiencing difficulty when it comes within striking distance of 1180, which is seen as a near-term psychological barrier to investors.

ATT led the active list, up $¼ to $15¾ on volume of 1.2m shares. Metromedia, the second most active issue, firmed $½ to $39½. A block of one million shares traded at $39½.

Carter Hawley Hale advanced $2 to $31⅞ — analysts attributed the strength to the removal of certain conditions connected with limited INC's tender offer for the company.

In the loss column, USF and G fell $2¾ to $50⅞, Merck $1⅛ to $91⅞, Halliburton $1⅛ to $41⅛ and Kimberly-Clark $1⅛ to $29⅞.

Scott and Fetzer declined $1⅛ to $56⅛ after the firm's management ended a leveraged buyout offer. Thursday, Ivan Boesky offered $60 a share for the company.

New England Electric, which owns 10 per cent of the troubled Seabrook nuclear power plant, fell $1½ to $30. Public Service of New Hampshire, which owns a majority of the plant, were down $⅜ to $4⅛.

Colgate-Palmolive remained active, but held unchanged at $25⅞.

General Motors shed $⅛ to $66⅛, despite sharply higher profits.

THE AMERICAN SE Market Value Index rose 0.36 to 211.03, making a rise of 3.10 on the week. Volume decreased 189,000 shares to 4.06m, compared with mid-day Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stocks turned mixed at mid-session, as Metals continued to lead losses and Oils added on to early gains.

The Toronto Composite Index firmed 1.0 point to 2,327.0. Golds rose 14.2 to 4,254.4 and Oil and Gas put on 15.1 to 3,507.1. But Metals and Minerals lost 22.0 to 2,116.7.

TOKYO

Share prices rose throughout the day to close at the highs after fairly active trading. Sentiment was encouraged by the firming trend on Wall Street overnight.

The Nikkei Dow Market Average rose a further 80.16 to 10,981.68. Turnover 580m (450m) shares.

Dealers said various Government economic indicators announced in recent days show the Japanese economy is healthy and this is supporting the market.

Foreign investors, which were net sellers in recent days, became net buyers yesterday after the Wall Street gain.

Steels moved up on Foreign buying.

Motors were in demand in the afternoon after Japan's Auto Manufacturers announced Japanese vehicle exports in 1983/84 rose for the first time in three years.

International "Populars" rebounded towards the close after opening mixed.

A Yamaichi analyst said the new package of external economic measures announced by the Japanese Government early in the day psychologically supported the market.

GERMANY

Strong demand for Chemicals and Banks in quiet markets pushed share prices to a firmer close.

Concern over the imminent strikes in support of a shorter working week somewhat moderated. Although the continuing campaign for a 35-hour week subdued foreign investor interest.

The Commerzbank Index rose 4.3 to 1,032.8.

In Motors, *Daimler* added DM 10.5 at 574.5. BMW put on DM 2 at 390. Dealers said the upturn likely reflected the good response to the Porsche flotation, perhaps as much as 80 times oversubscribed with a price between DM 1,030 and DM 1,050 quoted in the Grey Market yesterday, compared to its DM 780 launch price.

Dealers said Siemens encountered some buying interest but finished unchanged at DM 399.

PARIS

The recent firm trend continued in active trading.

The Bourse was led by Foods with Moet-Hennessy up Frs 97 at 1,630, Carrefour Frs 40 at 1,889 and Generale Occidentale Frs 35 at 642.

Schneider eased Frs 1 to 103 on continued reaction to the application by its Creusot Loire subsidiary to seek protection from creditors.

Among Stores, BHV rose to Frs 152, leading to a further suspension in trading.

Foreign stocks were firm in almost all sectors, although Golds were mixed.

AUSTRALIA

Late demand for Coppers and Golds, as investors gambled on a recovery in physical prices, provided the only action of the day.

Some month end option exercises and bargain hunting among Oil and Gas stocks led to higher Resource sector. The All Resources Index gained 1.7 to 563.8.

Among Copper-Linked stocks, CRA rose 8 cents to A$6.10, WMC 5 cents to A$4.25 and MIM 2 cents to A$3.52.

Golds to fall were GMK by 30 cents to A$9.90, Central Norseman 10 cents to A$6.00 and Poseidon 5 cents to A$4.75. Emperor put on 5 cents to A$4.25.

Investors chased participants in the Jarira Two well, which is to be drilled following the unsuccessful Eclipse One well. GHP closed 10 cents up at A$11.20, and Weeks Australia 11 cents at A$1.67, but main shareholder Weeks Petroleum fell 10 cents to A$5.20.

HONG KONG

Share prices closed off the day's lows on late short-covering.

Trading was thin throughout with investors awaiting the outcome of the present round of Sino-British talks on Hong Kong. Brokers attributed the weakness to speculation of an interest rate increase at today's Hong Kong Association of Banks weekly meeting.

The Hang Seng Index ended 16.40 lower at 1,054.30, but had partially recouped at 21.34 loss at the end of the first session.

China Light were 30 cents off at $HK12.40—it plans to pay a slightly lower second interim dividend for the year ended September 30.

The five-year fixed rate bearer Government Bonds traded around its nominal price of $HK100 each in initial trading, against the 25 cent premium tender price.

SINGAPORE

Share prices closed mixed, as investors ignored a broad overnight rally on Wall Street and concentrated on selected issues.

The Straits Times Index shed 5.25 to 998.12, but rising issues held a slight lead over falls.

Position adjustments were probably behind much of the day's activity, since two factors are combining to make operators hesitant to commit themselves. First, large gatherings of the two rival factions of Malaysia's second largest political party, the Malaysian Chinese Association (MCA), are scheduled for Sunday. Second, Tuesday the Stock Exchange will be closed for a national holiday, and many traders are planning to take a vacation Monday as well.

SWITZERLAND

Domestic shares continued slightly higher in all sectors. Buying interest focused on selected Blue Chips.

Ciba-Geigy were up Frs 30 to 2,275 on a sharp turnover increase in the first quarter 1984.

Nestle firmed Frs 10 to 5,250 on favourable prospects.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

	Apr. 26	Apr. 25	Apr. 24	Apr. 23	April 19	1984 High	1984 Low	Since Compt'n High	Since Compt'n Low
Industr'ls	182.51	180.21	179.18	177.61	179.06	190.64 (6/1)	174.10 (22/2)	184.84 (15/15/83)	3.62 (3 5/6/32)
Comp's'te	160.30	183.65	158.07	156.80	156.02	169.28 (6/1)	154.29 (23/2)	172.16 (10/10/83)	4.40 (1/6/32)

	Apr. 23	Apr. 18	Apr. 11	Year ago (approx)
Industrial div. yield %	3.98	4.00	4.08	4.01
Industrial P/E ratio	12.18	12.10	11.89	13.69
Long Gov. Bond yield	12.63	16.66	12.47	10.35

N.Y.S.E. ALL COMMON

Apr. 26	Apr. 25	Apr. 24	Apr. 63	1284 High	1284 Low
99.09	91.16	90.85	90.33	29.63 (10/10)	80.92 (24/11/83)

Rises and Falls	Apr. 98	Apr. 25	Apr. 24
Issues Traded	1,974	1,976	1,974
Rises	1,043	834	824
Falls	501	657	700
Unchanged	430	461	450
New Highs	34	31	99
New Lows	67	76	98

MONTREAL

	April 26	April 26	April 24	April 26	1984 High	1984 Low
Industrial	421.82	419.70	418.82	412.07	451.40 (6/1)	412.97 (21/2)
Combined	397.23	395.86	395.65	395.61	433.87 (6/1)	693.68 (5/4)
TORONTO Composite	2526.0	2312.7	2321.5	2525.2	8585.T (6/1)	2315.9 (2/4)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
AT & T	1,976,500	15⅝	+ ⅜	IBM	1,033,600	113¼	+1½
Colgate - Palm.	1,480,000	26	+ ½	Cons. Foods	1,087,400	29	+ ½
Occidental Pet.	1,426,600	31¾	+ ¾	Ohio Edison	923,700	10⅞	+ ⅞
[illegible] Motor	1,184,800	35½xd	+ ½	K Mart	889,700	30⅝	+ ⅜
[illegible]	1,154,200	42⅞	+ ¾	Milton Brad.	867,200	40⅝	+1⅞

CURRENCIES, MONEY and CAPITAL MARKETS

هكذا وصل الأصل

FOREIGN EXCHANGES

Dollar firm

The dollar continued to improve in currency markets yesterday. News of a record U.S. trade deficit had only a temporary effect on the dollar. After a firmer start, the dollar was marked down briefly on the trade deficit but renewed demand from New York pushed it firmer to close near to its best level of the day and well up from Thursday's closing levels.

The market appeared unshaken in its conviction that U.S. interest rates were unlikely to fall significantly in the near future and this had an overriding influence. The dollar closed at DM 2.7060 from DM 2.6965 against the D-mark, having already broken through the DM 2.70 level in New York on Thursday. It rose to SwFr 2.2350 from SwFr 2.2270 against the Swiss franc and Y226.65 from Y226.0. Other gains included FFr 8.31 compared with FFr 8.2725. On Bank of England figures, the dollar's trade weighted was slightly easier at 128.9 from 129.0, not reflecting fully the dollar's late rise.

Sterling was slightly weaker overall. Its trade weighted index slipped at the close to 79.7 from 79.8, having stood at 79.7 at noon and 79.8 in the morning. Against the dollar it touched a high of $1.4080 but slipped at the close to $1.4010-1.4020, a fall of 15 points. Such a relatively small decline against a strong dollar pushed sterling firmer against European currencies. It rose to DM 3.7950 against the D-mark from DM 3.7850 and SwFr 3.1350 from SwFr 3.1275. It was also higher against the French franc at FFr 11.64 from FFr 11.6050 and Y318 compared with Y317.25.

£ in New York

THE POUND SPOT AND FORWARD

April 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3995-1.4080	1.4010-1.4020	0.23-0.28c dis	−2.18	0.76-0.81dis	−2.24
Canada	1.7920-1.8010	1.7935-1.7945	0.23-0.33c dis	−1.87	0.82-0.92dis	−1.94
Nethlnd	4.25¼-4.28¼	4.27-4.28	1¼-⅞c pm	2.98	3¼-2⅞pm	2.69
Belgium	76.90-77.40	77.15-77.25	16-21c dis	−2.87	49-56dis	−2.72
Denmark	13.86-13.93	13.91-13.92	2¼-2⅞ore dis	−2.15	6¾-7¼dis	−2.04
Ireland	1.2325-1.2395	1.2370-1.2380	0.36-0.43p dis	−3.78	1.06-1.22dis	−3.65
W. Ger.	3.77½-3.80	3.79-3.80	1¼-1pf pm	3.65	3-2¾pm	3.03
Portugal	190.75-192.50	191.00-191.50	118-317c dis	−13.64	410-950dis	−14.22
Spain	212.25-214.00	212.50-213.00	115-140c dis	−7.19	410-460dis	−8.17
Italy	2336-2351	2345-2347	11½-13½lire dis	−6.48	38¾-41dis	−6.79

MONEY MARKETS

Further shortage

Day to day credit was again in short supply in the London money market yesterday. The Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £452m and Exchequer transactions a further £90m. There was also a rise in the note circulation of £235m while on the other hand banks brought forward balances £55m above target.

To help alleviate the shortage, the Bank offered an early round of assistance, when it bought £213m of bills. These comprised £25m of eligible bank bills in band 1 (up to 14 days) at 8⅝ per cent and £40m in band 2 (15-33 days) at 8⅝ per cent. In band 3 (34-63 days) it bought £39m of eligible bank bills at 8⅝ per cent and in band 4 (64-91 days) £78m of eligible bank bills at 8⅝ per cent and £1m of Treasury bills and £30m of local authority bills at 8⅝ per cent. The forecast was later revised to a shortage of around £650m before taking into account the morning's help and the Bank gave further assistance in the morning of £288m.

This comprised purchases of £4m of eligible bank bills in band 1 at 8⅝ per cent and £31m in band 2 at 8⅝ per cent. In band 3 it bought £14m of eligible bank bills at 8⅝ per cent and in band 4 £4m of Treasury bills and £30m of eligible bank bills all at 8⅝ per cent. It also arranged sale and repurchase agreements on £205m of bills at 8⅝ per cent, unwinding on May 21.

Help in the afternoon totalled £122m and comprised purchases of eligible bank bills, £9m in band 1, £24m in band 2, £22m in band 3 and in band 4 £61m as well as £1m of local authority bills all at unchanged rates.

UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)

LONDON MONEY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES (Market closing rates)

	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	1-1¼	5¼-5½	11¾-12	11-12½	12¾-13¼	12¼-12¾	6-6¼	12-13
7 days' notice	6¼-6½	5⅞-5¾	11⅛-12½	14⅛-15⅞	12¼-12½	11⅝-11⅞	6-6¼	10⅝-11
Month	3⅞-3⅜	6⅛-6½	12-12¼	14⅞-15⅛	11⅞-12¼	11⅝-11⅞	6-6⅛	11-11
Three months	4½-4⅞	6⅝-6⅞	12⅝-12⅞	15⅝-15⅞	11½-12¼	11⅝-11⅞	6-6¼	10⅝-11
Six months	5⅞-4⅛	6⅛-5⅞	13⅝-13⅞	16½-16⅞	11½-12¼	11⅞-11⅞	6¼-6⅜	10⅝-11
One year	4⅛-4⅝	6⅛-6¼	14-14½	16⅞-17⅛	11⅞-12½	11⅞-11⅞	6-6⅛	11⅛-11

Long-term Eurodollars two years 12½-12¾ per cent; three years 12¾-13 per cent; four years 12⅞-13 per cent. Short-term rates are call for U.S. banks and Japanese yen, two days' notice.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING

(11.00 a.m. April 27)

3 months U.S. dollars: bid 10 7/8, offer 11

6 months U.S. dollars: bid 11 5/16, offer 11 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Finance Scheme IV. Average Rate of Interest period (March 7 to April 3 1984 (inclusive). 8.976 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent. London and Scottish Clearing Bank Rates for lending. Deposit Rate for sums at seven days' notice 5¼-5½ per cent. Treasury Bills: Average tender rates of discount 8.262 per cent. Certificates of Tax Deposit of £100,000 and over held under one month 8¾ per cent; three-six months 9 per cent; six-nine months 9½ per cent. Under £100,000 8½ per cent. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

Cotton Index	89.65c	+1.20	80.60c	89.65c	86.55c
Des. Coconut	£1030	—	£740	£1,090	£996
Gas Oil Fut. May	$241.5	−2.5	$243	$257.75	$239.5
Jute UA BWC grade	$500x	—	—	$510	$485
Rubber kilo	71.0p	−4.5	75p	91p	71.0p
Sago Pearl	$305x	+5	£270	$305	£285
Sisal No. 3L	$650x	—	$545	$650	$630
Sugar (Raw)	£113.5	+0.5	£122	£137	£108.5
Tapioca No. 1	£310x	—	£270	£320	£295
Tea (quality) kilo	290p	—	146p	375p	282p
(low med) kilo	224p	—	182p	270p	210p
Wooltops 64s Super	470p kilo	—	394p kilo	474p kilo	438p kilo

‡ Unquoted. (z) May. (g) Madagascar. § Ghana cocoa. (x) April-May. (y) June. (t) July. (u) Sept. (z) May-June.

REVIEW OF THE WEEK

Copper prices hit by speculative selling

BY OUR COMMODITIES STAFF

COPPER PRICES tumbled on the London Metal Exchange this week triggering off a general decline in metal prices. Higher grade cash copper ended the week £64.75 down at £1,036.5 a tonne after declining each day after reopening following the Easter holiday.

The downward trend was set on Tuesday, reflecting a decline in the New York market over the holiday weekend. But the big fall came on Wednesday after New York prices collapsed in spectacular fashion on Tuesday night.

A major influence behind the decline was a lower than expected decline in LME warehouse stocks of copper, which fell by only 2,925 to 280,200 tonnes. However the collapse in New York prices was reported to have been accelerated by a computer mistake resulting in wrong quotations being listed that triggered off stop-loss selling by a major U.S. investment fund.

Mistake, or not, the market remained under further speculative selling pressure and even fell yesterday, in spite of forecasts that there was a big fall in warehouse stocks was likely to be reported on Monday.

Other metals were depressed by the fall in copper, and gold. Both lead and zinc were easier in spite of news that the Port Pirie smelter in Australia is to close down for at least two weeks on May 4 because of a shortage of concentrates resulting from the prolonged stoppage of concentrates resulting from the prolonged stoppage at the Broken Hill lead-zinc-silver mining complex in Australia.

Tin was the only metal to gain ground on the London Metal Exchange. Prices reached the highest level for over a year, following the decline in sterling against the dollar and continued support buying by the buffer stock of the International Tin Council.

After continuing their recent upsurge early in the week cocoa prices were trimmed back by profit-taking and the July position on the London futures market ended £56.50 up on the week at £1,902.50 a tonne.

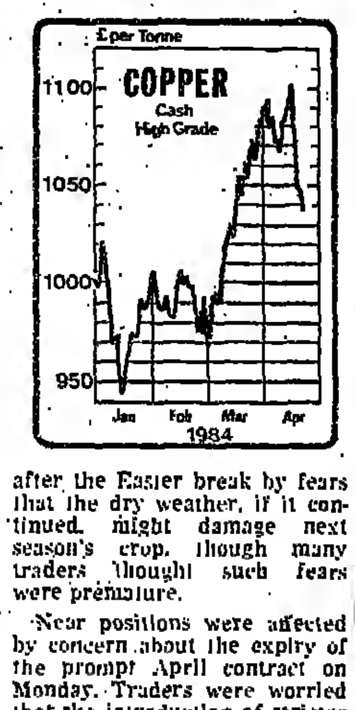
Dealers attributed the early rise to continued reassessment of the supply/demand situation resulting from reduction of Brazilian crop forecasts and indications of higher than ex—pected consumption levels. The later fall represented a technical correction, they thought.

Coffee values on the London futures market climbed to life of contract highs helped by chartist buying and sterling weakness. Reports of frosts in non-coffee growing regions of Brazil also encouraged the rise which left the July position £36 up at £2,114 a tonne.

The potato futures market was lively in both near and distant positions.

Distant prices were boosted after the Easter break by fears that the dry weather, if it continued, might damage next season's crop, though many traders thought such fears were premature.

Near positions were affected by concern about the expiry of the prompt April contract on Monday. Traders were worried that the introduction of stricter rules on tenderable supplies might exacerbate the tight physical supply situation. April, 1983 potatoes ended the week £31.40 up at £240 a tonne.



BASE METALS

COPPER

ALUMINIUM

NICKEL

TIN

LEAD

ZINC

SILVER

COCOA

COFFEE

GRAINS

RUBBER

SUGAR

POTATOES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.30-28.40	−0.05
Iranian Light	27.95	+0.1
Arab Heavy	26.90-27.00	−0.02
North Sea (Forties)	29.70-29.95	−0.05
North Sea (Brent)	29.80-30.05	−0.08
African (Bonny L't)	30.10	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	273-276	−0.5
Gas Oil	245-246	−2.5
Heavy fuel oil	183-185	+1

GAS OIL FUTURES

After a weaker opening caused by the stronger dollar the market dropped back further reflecting easier physicals and a generally more bearish sentiment in the oil spot market. A sharp fall on the opening in New York pushed the market back to the lows. Profit-taking lifted prices a little on the close, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
April	239.00	−4.75	241.50-240.8
May	241.00	−2.25	242.50-241.0
June	241.00	−2.75	242.75-240.5
July	241.50	−2.00	242.75-241.0
Aug	243.50	−1.75	244.75-243.5
Sept	246.00	−1.50	245.75-246.0
Oct	248.50	−1.75	248.50-246.5
Nov	250.50	−1.12	—
Dec	251.75	−0.75	—

Turnover: 1,685 (2,706) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $377¾-378¼. The metal opened at $377¼-377¾ and traded between a low of $376¾-377¼ and a high of $379⅛-379⅝.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
May	—	—	—
June	382.60-382.90	+2.55	382.30-80.50
Aug	388.50-388.90	+2.55	388.90-87.80
Oct	395.70-396.00	+1.75	—
Dec	404.10-404.50	+2.70	—
Feb	411.80-412.80	+2.98	411.60-11.50
April	—	—	—

Turnover: 489 (574) lots of 100 troy ounces.

	Apr. 27		Apr. 26	
Gold Bullion (fine ounce)				
Close	$377¾-378¼	(£269-269½)	$376½-377	(£268½-269)
Opening	$377¼-377¾	(£269-269½)	$382¼-382¾	(£270¼-270¾)
Morning fixing	$377.50	(£268.875)	$381.60	(£269.969)
Afternoon fixing	$379.25	(£269.345)	$379.90	(£269.911)

AMERICAN MARKETS

NEW YORK, April 26

Precious metals came under heavy selling pressure related to renewed strength of the dollar. Massive liquidation early in the day did not terminate until after currencies found trade support. Copper prices were lower on sympathetic selling with the precious metals with commission houses and technical traders being aggressive sellers. Aluminium prices were moderately lower on speculative and arbitrage selling. Sugar prices were fractionally lower as light speculative bargain hunting could not generate any support and subsequent liquidation of early positions resulted in minor losses. Cocoa prices were lower as weaker London markets triggered dealer selling. Also reports of rains in key growing areas in West Africa and Brazil added to the selling pressure. Coffee prices were sharply higher on roaster buying stimulated by reports of unseasonally cool temperatures south of the main growing areas in Brazil. Cotton prices came under light pressure from profit-taking following recent advances and found support from active trade buying to finish marginally lower. Heating oil prices were moderately lower on warming temperatures and on rumours that tight spot stocks in New York will be alleviated by imports. Soyabeans came under pressure from heavy liquidation of long positions with the washout carrying through on the close. Maize and wheat were moderately lower with main speculative liquidation being at least partially offset by active commercial buying, reports Heinold Commodities.

Yesterday's closing prices were not available for this edition because of the present time difference between Britain and the U.S.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	6365	6400	6340	6450
June	6435	—	—	6515
July	6505	6525	6480	6580
Sept	6620	6580	6580	6695
Dec	6785	6850	6850	6860
Jan	6840	—	—	6915
March	6950	6925	6925	7025
May	7060	—	—	7135
July	7170	—	—	7245
Sept	7280	—	—	7365

COCOA 10 tonnes, $/tonnes

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	906.8	925.0	902.0	929.0
June	915.5	920.0	914.0	936.1
July	924.0	937.5	919.0	946.5
Sept	941.5	953.0	937.0	964.4
Dec	968.5	985.0	966.0	992.0
Jan	978.0	982.5	976.0	1001.5
March	007.2	1004.5	998.0	1021.0
May	1017.3	1023.0	1019.0	1041.3
July	1038.4	1052.5	1032.0	1062.6
Sept	1060.5	1075.0	1060.0	1084.9

SUGAR WORLD "11" 112,000 lb, cents/lb

COFFEE "C" 37,000 lb, cents/lb

COPPER 25,000 lb, cents/lb

COTTON 50,000 lb, cents/lb

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

PLATINUM 50 troy oz, $/troy oz

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56lb-bushel

PORK BELLIES 38,000 lbs, cents/lb

SOYABEANS 5,000 bu min, cents/60lb-bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lbs, cents/lb

WHEAT 5,000 bu min, cents/60lb-bushel

MARKET REPORT

Equity surge continues and index breaks previous record to close 8.9 up at a best-ever 908.0

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Apr 9	Apr 26	Apr 27	May 8
Apr 30	May 10	May 11	May 21
May 14	May 31	June 1	June 11

"New-time" dealings may take place from 9.30 am two business days earlier.

Leading equities continued their surge higher yesterday and the FT Industrial Ordinary share index swept through last month's all-time peak to close 8.9 up at a new record of 908.0. Wall Street's extended recovery overnight on a brighter outlook for both U.S. interest rates and corporate earnings ensured that the March high would be breached.

This was achieved quickly through dealers defensively marking prices higher in order to protect their trading positions. Many jobbers were still attempting to maintain level books because yesterday the final session of the current trading Account—completed their financial year ends.

Technical considerations apart, the mood of the equity market was one of optimism. Brokers anticipated revived demand when investors warm to the flow of encouraging trading results from varied groups this side of the Atlantic. ICI's sparkling first-quarter figures on Thursday, which easily exceeded market forecasts, were considered a major inducement.

The business volume continued to improve with professional profit-taking countering "new-time" and more genuine investment buying. Some U.S. favourites drifted back from the higher initial levels but others rose further after the official, 3.30 pm, close, on buying without penalty for the Account starting on Monday. Most industrial sectors contributed features of one sort or another with retailing group Burton holding firm despite a 5.6m share sale involving non-beneficial family interests.

Sidelined by the strength of equities, Government securities struggled to consolidate the gains of the past few days. The authorities sold more of the £200m tranche of Treasury 10 per cent 1987, which now must be nearing exhaustion, but with sterling seemingly unable to make ground on the dollar, buyers soon turned their attention elsewhere.

News of new Government funding came shortly after the official close. £1bn of Treasury 9½ per cent Convertible is to be issued at a minimum tender price of 99.50, payable £50 on application. When trading resumed after the usual halt the tone was easier and selected longs settled ¼ down on balance.

Royal Bk Scotland rise

Royal Bank of Scotland highlighted the banking sector, rising 24 more for a four-day gain of 32 to 246p on hopes that Lloyds, currently the owner of a 21.34 per cent stake in RBS, will be given the green light by the Government to proceed with a full-scale bid; Royal Bank's interim results are scheduled for May 10. Bank of Scotland recorded a sympathetic rise of 15 to 670p. Elsewhere, Guinness Peat moved up 5 to 62p in response to the late announcement that its Guinness Mahon subsidiary is subscribing for a 29.9 per cent stake in stockjobbing concern, White and Cheesman.

Stimulated by revived U.S. bid hopes, Hogg Robinson rose 9 to 207p. Elsewhere in Insurances, Refuge advanced 20 to 465p in a thin market, but light profit-taking clipped a couple of pence from Commercial Union at 218p, and 8 from Royals, at 565p.

Oil and gas exploration concern Petranol, a good market recently on the latest farm-out agreement in Jones County, Texas, ran into profit-taking and shed 8 to 340p.

Leading Breweries continued to make good progress, investors again taking heart from the current hot spell. Grand Metropolitan, due to announce first-half figures midway through May, added 6 for a gain on the week of 20 to 352p. Bass hardened a of pence to 380p, after 383p. Regionals, relatively neglected of late, made a better showing under the lead of Greene King, 10 up at 172p. Marstons, 60p, and Matthew Brown, 240p, rose 4 apiece. Buyers also return for Ciders with H. P. Bulmer rising 13 to 228p. Merrydown, additionally buoyed by favourable comment, advanced 40 to 440p. Elsewhere, Moray Firth Maltings, dealt in the Unlisted Securities Market, were marked 28 higher to 305p; the company has received permission to proceed with its proposed malting plant in Geelong, Australia.

With the notable exception of George Wimpey, which remained stunned by the larger-than-expected overseas contract losses of £41.7m and shed 5 for a two-day fall of 18 to 132p, leading Building traded firmly. Tarmac moved up another 12 to 526p in front of next Tuesday's full-year figures, while Redland rose 15 to 316p. Blue Circle attracted late demand and closed 10 higher at 440p, while UBM gained the same amount to 159p, the latter following a reappraisal of the annual results. Recently depressed Barratt Developments rallied 6 to 132p. Elsewhere, Whatlings, in which Marchwiel recently acquired a 15.6 per cent stake, put on 5 more to 94p on hopes of a full bid. Milbury added a couple of pence to 86p on "new time" buying, but SGB succumbed to profit-taking and shed 4 to 154p. USM-quoted Tay Homes were marked down 7 at 68p as dealers attempted to establish a trading level.

ICI continued to respond to the near-doubled first-quarter profits and rose 10 for a two-day gain of 24 to 630p. Laporte drew fresh strengths from the excellent preliminary figures and firmed 10 for a four-day gain of 38. Recently overlooked Amersham International put on 7 to 235p. On the bid front, James Halstead jumped 21 to 99p following the unwelcome share-exchange offer currently worth just under 89p per share from British Syphon, 3 off at 71p.

Burton placing

Burton remained firm, adding a couple of pence more to 298p as some 5.6m shares were placed through the market on behalf of non-beneficial family interests at around 290p per share. Other Store leaders closed the Account on a bright note with GUS A 10 dearer at 640p and Debenhams 3 up at 191p, after 193p. Comment in the wake of the preliminary figures lifted House of Fraser 6 to 258p, while Marks and Spencer, full-year figures due next Tuesday, firmed 2 to record a four-day gain of 14 to 258p.

Secondary Stores finished firmer for choice. J. Hepworth closed 14 up at 310p in front of next Tuesday's mid-term statement and Ratners also returned to favour with a rise of 4 to 52p. Newsagents attracted fresh support with Martin, down to 192p initially, recovering to show a net gain of 10 at 203p. John Menzies, annual results due on Monday, firmed a similar amount to 353p. By way of contrast, Currys again succumbed to persistent offerings and dipped 6 for a two-day fall of 18 to 327p. Tern-Consulate eased a couple of pence to 49p; the annual results originally scheduled for next Monday, will now be announced on May 11.

Among Shoes, Strong and Fisher reacted to profit-taking and closed 7 cheaper at 163p, after 161p.

Interest in the Electrical leaders broadened considerably. Racal were particularly favoured and rose 11 to 229p, while Plessey also fared well at 247p, up 10. Elsewhere, Dubilier gained 8 to 180p no demand ahead of Wednesday's interim results. Godwin Warren hardened a penny to 104p in response to an investment recommendation, while Dataserv, preliminary figures scheduled for May 10, added 3 at 95p, Micro Business Systems, 475p, and Miles 33,245p, firmed 15 apiece, but Arlen, at 65p, lost the previous day's recovery of 5. A. and G. Securities dropped 7 to 120p.

A good week for the Engineering leaders ended with Vickers up 5 more at 172p on further consideration of the chairman's confident statement at the agm. TI moved up 4 afresh to 262p, but recent 'star' performer, Hawker, reacted 8 to 466p on profit-taking. Elsewhere, Spear and Jackson continued to draw strength from Wednesday's strong annual profits recovery and advanced 6 more for a rise on the week of 22 to 168p. Hopkinsons hardened 2 to 125p on the results, while RHP closed a similar amount dearer at 62p. Down 7 the previous day following nervous selling in the wake of surprise announcement that Mr E. Nassar had sold part of his recently-acquired 7½ per cent stake and, on concern about the delay in announcing the preliminary figures, Midland Industries rallied 3 to 10p before dealings were suspended just after 10 pm at the company's request pending an announcement.

The undertone in Foods remained firm, but significant gains were confined to a handful of stocks. United Biscuits found support and firmed 5 to 175p, while the Warrants added 3 to 41½p. Among Retailers, Tesco rose 3 to 185p and Associated Dairies hardened a couple of pence to 174p. Buyers came in for William Low which gained 12 to 434p. Elsewhere, speculative counter Bio-Isolates fell 12 to 103p on end-Account influences.

Hotels and Caterers featured Garfunkels Restaurants which encountered persistent buying in a restricted market and gained 22 to 260p; the new nil-paid shares rose the same amount to 60p premium.

Wedgwood up

Miscellaneous Industrial leaders scaled new peaks on the last day of the Account with U.S. favourites BTR rising 10 to 482p and Glaxo 8 to 883p. Unilever firmed 10 to 925p and Boots hardened 3 to 180p. Secondary issues were featured by a rise of 8 to 145p in Wedgwood following buying on consideration of the company's export potential. Still drawing strength from recent comment, Cosalt gained 6 to 80p, while similar improvements were recorded in Gieves, 122p, and Sale Tilney, 293p. Unsettled earlier in the week by the sudden departure of deputy chairman Mr F. R. Agar, Brengreen rallied 1½ to 54p to the accompaniment of vague suggestions of a bid from Hawley. Details of the reduced deficit helped Platignum harden a penny to 8lp.

Among Motor and Aircraft component manufacturers Flight Refuelling improved 9 to 219p, following the impressive preliminary figures. In Distributors, BSG hardened 1½ to 22p with the aid of Press comment, while the success of the rights issue stimulated fresh support of Glanfield Lawrence which closed 5 up at 55p.

Paper/Printings featured renewed strength in Mr Robert Maxwell's British Printing and Communication which attracted a lively business and closed 6 dearer at 209p; the shares go ex-the-dividend on Monday. Speculation that BPCC is set to bid again for former target John Waddington lifted the latter another 18 to 441p.

Interest in Properties remained at a low ebb and the leaders closed with modest falls. Elsewhere, Samuel shed 3 to 143p on second-thoughts about the interim results, while end-Account profit-taking dipped 5 from recently-firm Espley Trust. On the other hand, a broker's recommendation helped Rush and Tompkins harden a couple of pence to 262p. Lack of interest following the interim results left Stewart Nairn 3 cheaper at 22p.

Growing speculation that Trafalgar House may renew its offer prompted further support of P & O Deferred which advanced 13 for a two-day gain of 24 at 325p.

Textiles remained irregular. Favourable mention lifted Lister 7 to 67p, and British Mohair 3 to 88p, while S. Lyles, due to announce interim figures next Thursday, hardened a couple of pence to 113p. Marks and Spencer supplier Corah added 3 at 67p. In contrast Towles revealed an 11 per cent contraction in full-year profits and the "A" shares dipped 12 to 64p. Scattered selling left Stroud Riley Drummond 4 cheaper at 69p and Nova (Jersey) 3 off at 34p.

Clyde surge ahead

Clyde Petroleum highlighted Oils, advancing 23 to a 1984 high of 150p amid rumours of an imminent drilling success at Lee-on-Solent.

Irish exploration issues remained a buoyant market, led by Bryson Oil and Gas which jumped a further 55 to 470p still reflecting hopes of oil exploration success in Columbia. Eglinton Oil attracted good support and put on 18 to a year's high of 163p.

Leading domestic oils were featured by BP, which rose 6 more to 518p boosted by the good results from U.S. subsidiary Sohio. Shell eased 4 to 653p on profit-taking, while further consideration of the lower first-quarter profits depressed Tricentrol 5 to 200p. Britoil hardened 3 to 273p following the annual meeting.

Among 'second-line' issues Saxon fell to 400p in the early trading but rallied to close a couple of pence to the good at a 1984 high of 410p.

Overseas oils showed Norsk Hydro a strong market and finally £3½ higher at £60½ in the wake of sharply higher first-quarter profits. Australia's Brunswick Oil were the subject of heavy speculative buying and jumped 10 to 36p on rumours of an oil discovery "down-under."

Golds lower

The recent advance by South African Golds came to a halt yesterday after six successive gains. The downturn followed another uncertain performance by the bullion price which, having weakened in overnight New York markets, spent most of yesterday trading around the $377 an ounce mark before rallying to close a net $1.25 up at $378.

Share prices were marked down at the outset and continued to lose ground throughout the session. Overnight U.S. selling was quickly followed by more persistent selling from Johannesburg. Small demand from the Continent around midday soon petered out and the majority of issues settled at the day's lowest. The Gold Mines index retreated 9.5 to 684.4 to close the week with a net gain of 1.2.

Recently-firm marginals and cheaper-priced issues bore the brunt of the selling pressure. Simmer and Jack were a notable casualty and dropped 15 to 380p, while East Daggafontein gave up 13 at 402p and Leslie 14 at 256p. Deelkraal dipped 12 to 300p and Loraine 9 to 438p.

Heavyweights showed Vaal Reefs £1½ down at £92¾ and President Steyn ¾ off at £40¾. Hartebeest fell a half-point to £59½; the company has proposed a ten-for-one share split to improve the marketability of the shares.

Financials showed minor changes in either direction. Minorco fell 11 to 712p, and "Amgold" rose ¾ to £57. London registered issues suffered from lack of interest and the marked weakness of base-metal prices. RTZ gave up 7 at 680p and Consolidated Gold Fields 5 at 590p.

Platinums were generally easier, but Malaysian Tins provided a number of firm features, especially Kamunting, which jumped 35 to a 1984 high of 265p. Gopeng Berhad were 15 up at 230p and Sungei Best 7 better at 375p. Rengkalen went a lone weak spot and reacted 50 to 750p, but retained a week's gain of 200.

Australians ended the week on a mixed note. Among the leaders CRA were prominent and moved up 6 to 396p, while Western Mining hardened 4 to 277p. North Broken Hill were 2 cheaper at 176p despite the almost-doubled profits in the 40 weeks to April 7.

Traded Options finished the week on an encouraging note with 4,275 contracts struck; the shortened week's daily average, boosted by the expiry of the April series on Wednesday, amounted to 4,254. Operators' enthusiasm switched to Electricals and GEC recorded 401 calls, 233 in the July 180s, while Racal attracted 408 calls with 154 struck in the May 220s, 6 dearer at 13p. The May series expires unusually early next month on Wednesday May 9.

FINANCIAL TIMES STOCK INDICES

	April 27	April 26	April 25	April 24	April 19	April 16	year ago
Government Secs	81.98	82.07	82.02	81.86	81.68	81.94	81.65
Fixed Interest	86.24	86.30	86.27	86.36	86.51	86.31	[illegible]
Industrial Ord.	908.0	899.1	887.6	876.2	880.0	888.6	695.5
Gold Mines	684.4	693.9	688.0	686.1	683.2	679.4	613.7
Ord. Div. Yield	4.26	4.29	4.33	4.39	4.35	4.33	4.50
Earnings, Yld.% (full)	9.78	9.87	9.98	10.09	9.97	9.89	9.06
P/E Ratio (net) (*)	12.34	12.23	12.09	11.96	12.11	12.21	13.40
Total bargains (Est.)	21,016	20,045	20,074	20,090	22,277	22,026	25,458
Equity turnover £m.	—	344.25	218.80	183.49	253.36	320.12	252.39
Equity bargains	—	20,505	16,119	14,549	16,527	17,555	21,606
Shares traded (ml)	—	230.7	124.6	105.3	136.1	140.2	170.4

10 am 906.9, 11 am 906.1, Noon 905.[illegible] 1 pm 905.9, 2 pm 905.7, 3 pm 905.[illegible]

Basis 100 Govt. Secs. 3/1/53 Fixed Int. 1928 Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 11.76

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1)	81.68 (19/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	86.24 (27/4)	155.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	908.0 (27/4)	770.3 (4/1)	908.0 (27/4/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	620.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 26	April 25
Daily Gilt Edged Bargains	126.6	122.6
Equities Bargains	152.9	104.4
Equities Value	697.3	442.2
5-day Average Gilt Edged Bargains	128.3	135.2
Equities Bargains	110.6	111.5
Equities Value	533.9	512.5

LEADERS AND LAGGARDS

Percentage changes since December 30, 1983, based on Thursday, April 26, 1984.

Office Equipment	+ 25.44	Stores	+ 12.[illegible]
Newspapers, Publishing	+ 25.41	All-Share Index	+ [illegible]
Discount Houses	+ 25.01	Capital Goods	+ [illegible]
Textiles	+ 24.27	Leisure	+ [illegible]
Tobacco	+ 24.01	Food Retailing	+ 12.12
Packaging and Paper	+ 23.09	Contracting, Construction	+ [illegible]
Brewers and Distillers	+ 22.86	Insurance (Composite)	+ [illegible]
Insurance Brokers	+ 22.28	Metals and Metal Forming	+ [illegible]
Oils	+ 21.75	Food Manufacturing	+ [illegible]
Gold Mines Index	+ 20.53	Shipping and Transport	+ [illegible]
Mechanical Engineering	+ 19.07	Other Groups	+ [illegible]
Building Materials	+ 18.77	Electronics	+ [illegible]
Health and Household Products	+ 16.35	Property	+ [illegible]
Consumer Group	+ [illegible]	Investment Trusts	+ [illegible]
Overseas Traders	+ 15.35	Other Consumer	+ [illegible]
500 Share Index	+ 15.16	Banks	+ [illegible]
Mining Finance	+ [illegible]	Financial Group	+ [illegible]
Electricals	+ 14.04	Chemicals	+ [illegible]
Industrial Group	+ [illegible]	Merchant Banks	[illegible]
Motors	+ 13.29	Insurance (Life)	[illegible]

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 8	May 18	Aug 9	Aug 20
May 21	June 1	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24

For rate indications see end of Share Information Service

Stocks favoured for the call included Bowater, Cosalt, BET, Marley, John Brown, UKO, Nottingham Manufacturing, Brengreen, Armour Trust, Rayberk, Security Tag Systems, Royal Bank of Scotland, Fleet Holdings, Priest Marians, Hampson Industries, Brunswick Oil, Barker and Dobson, Woodside, Lasmo and Berkeley and Hay Hill. A put was done in CPU Computers and a double in Oceonics.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri April 27 1984

Figures in parentheses show number of stocks per section

	Group	Index No.	Day's Change %, Est. Earnings Yield %, Gross Div. Yield %, Est. P/E Ratio, Thurs Apr 26, Wed Apr 25, Tues Apr 24, Thurs Apr 19, Year ago, Highs and Lows
1	CAPITAL GOODS (202)	530.84	[illegible]
2	Building Materials (24)	537.59	[illegible]
3	Contracting, Construction (32)	763.45	[illegible]
4	Electricals (14)	1724.62	[illegible]
5	Electronics (27)	1813.00	[illegible]
6	Mechanical Engineering (62)	253.45	[illegible]
8	Metals and Metal Forming (9)	198.77	[illegible]
9	Motors (17)	142.05	[illegible]
10	Other Industrial Materials (17)	696.98	[illegible]
21	CONSUMER GROUP (195)	540.97	[illegible]
22	Brewers and Distillers (23)	546.57	[illegible]
25	Food Manufacturing (22)	408.56	[illegible]
26	Food Retailing (12)	1209.96	[illegible]
27	Health and Household Products (9)	830.60	[illegible]
29	Leisure (22)	693.61	[illegible]
32	Newspapers, Publishing (14)	1170.25	[illegible]
33	Packaging and Paper (15)	263.84	[illegible]
34	Stores (47)	489.69	[illegible]
35	Textiles (20)	[illegible]	[illegible]
36	Tobacco (3)	644.69	[illegible]
39	Other Consumer (8)	494.65	[illegible]
41	OTHER GROUPS (86)	462.90	[illegible]
42	Chemicals (18)	641.47	[illegible]
44	Office Equipment (5)	135.26	[illegible]
45	Shipping and Transport (13)	897.93	[illegible]
46	Miscellaneous (51)	619.06	[illegible]
49	INDUSTRIAL GROUP (481)	531.89	[illegible]
51	Oils (15)	1150.61	[illegible]
59	500 SHARE INDEX	583.01	[illegible]
61	FINANCIAL GROUP (120)	392.97	[illegible]
62	Banks (6)	400.50	[illegible]
63	Discount Houses (7)	468.07	[illegible]
65	Insurance (Life) (9)	491.59	[illegible]
66	Insurance (Composite) (9)	276.57	[illegible]
67	Insurance (Brokers) (6)	779.84	[illegible]
68	Merchant Banks (12)	244.46	[illegible]
69	Property (53)	579.78	[illegible]
70	Other Financial (18)	263.04	[illegible]
71	Investment Trusts (106)	519.88	[illegible]
81	Mining Finance (4)	318.32	[illegible]
91	Overseas Traders (16)	575.34	[illegible]
99	ALL-SHARE INDEX (746)	534.83	[illegible]

FIXED INTEREST

	PRICE INDICES	Fri April 27	Day's change %	Thurs April 26	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	118.06	+0.08	117.97	—	4.10
2	5–15 years	130.62	−0.10	130.75	—	4.70
3	Over 15 years	139.39	−0.13	139.56	—	4.34
4	Irredeemables	149.09	+0.05	149.02	—	6.07
5	All stocks	129.36	−0.05	129.42	—	4.47
6	Debentures & Loans	108.88	−0.08	108.96	—	3.43
7	Preference	78.31	+0.27	78.10	—	2.55

AVERAGE GROSS REDEMPTION YIELDS (British Government Low Coupons, Medium Coupons, High Coupons 5, 15, 25 years; Irredeemables; Debs & Loans 5, 15, 25 years; Preference): [illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Engineering Contractors	31/12/71	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Walker (J.) Goldsmith (34) has been deleted and replaced by Brown (N.) Invs. (34). NAME CHANGE: Espley-Tyas has changed its name to Espley Trust.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (133)

NEW LOWS (32)

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	5	52	46	158	135	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrials	352	240	819	1,194	987	[illegible]
Financial and Props.	124	89	329	430	317	1,341
Oils	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	538	505	1,503	2,448	1,800	[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Brit. Printing	209	+ 6	Hogg Robinson	207	+ 9
Bryson Oil & Gas	470	+ 55	ICI	630	+ 10
Clyde Pet.	150	+ 23	Redland	316	+ 15
Eglinton Oil & Gas	163	+ 18	Rowntree Mackintosh	[illegible]	[illegible]
Halstead (J.)	99	+ 21	Royal Bk. of Scotland	246	+ 24
Hepworth (J.)	310	+ 14	Tarmac	526	+ 12

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
ICI	23	620	+11	BSR	[illegible]	[illegible]	[illegible]
P. & O. Defd	20	312	+11	Comm Union	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	Courtaulds	[illegible]	[illegible]	[illegible]
Trafalgar Hse	[illegible]	[illegible]	[illegible]	Laporte Inds	[illegible]	[illegible]	[illegible]
Brit Aerospace	[illegible]	[illegible]	[illegible]	Martin the News	[illegible]	[illegible]	[illegible]
Marks & Spen.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Smith Bros	[illegible]	[illegible]	[illegible]	Beecham	[illegible]	[illegible]	[illegible]

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday.

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
Comm Union	[illegible]	[illegible]	[illegible]	RTZ	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	Rowntree Mack	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]	Polly Peck	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans	[illegible]	[illegible]	[illegible]	Brit Aerospace	[illegible]	[illegible]	[illegible]
Marks & Spen	[illegible]	[illegible]	[illegible]	Glaxo	[illegible]	[illegible]	[illegible]
Midland Bank	[illegible]	[illegible]	[illegible]	Nat	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 5.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

† Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

FOREIGN GOVTS.

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable London)

[illegible]

CORPORATIONS—FOREIGN

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

Makin (J and J) Paper Mills 475 (20/4)
Manganese Bronze Hldgs 8½pcPf (£1) 6½
Manor National 10½pcPf (£1) 73. 12pc Ln 2003 £83 4
Merle (Hldgs) 10½pcLn 1998-2002 £54½ (25/4)
Mappin and Webb Hldgs 6pcPf (£1) 52. 5½pc2ndPf (£1) 47
Merchwiel 9pcPf (£1) 107
Marshall (Thomas) (Loxley) 40 (24/4)
Marshalls Halifax 10pcPf (£1) 105
Marshall's Universal 7½pcPf (£1) 78½ 9

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

Turner Newall 8pcDb 1987-92 £79½ 80 (25/4)
Turriff Corp 5½pcPf (£1) 38 (24/4)
Unicorn Inds 10pcLn 1989-94 £89 (25/4)
Unigate 7½pcDb 1986-91 £94½ (24/4). 5pcLn 1991-96 £50½
Unilever 5pc1stPf (£1) 54 (25/4). 7pc2ndPf (£1) 73. 6½pcDb 1985-86 £95½. 5½pcLn 1991-2006 £54½ 5½. 7¾pc Ln 1991-2006 £74½ ¾
Union Intnl 6pcPf (£1) 44
United Biscuits Hldgs Wts 39 ½
United Newspapers 6pcPf (£1) 51
Upton (E.) Sons 42 (25/4)

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

UNIT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

Alliance Hldgs 9½pcDb 1992-97 £85½ (24/4)
Allnatt London 10½pc1stDb 1994-99 £95½ (25/4)
Argyle Secs 12pcDb 1993-98 £100½
Bampton Hldgs 8½pcLn 2002-07 £68½
British Land 12pcLn 2002 £95
Brixton Estate 11½pc1stDb 2023 (£25 pd) £27½ (24/4)
Charlwood Alliance Hldgs 7½pcLn (50p) 20

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATER WORKS

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

Irish Press (£1) 485
Island Garages (10p) 16 (19/4)
Jersey Elec 5½pcPf (£1) 28 (25/4)
Pinneys Smokehouses 230 (24/4)

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any stock exchange

[illegible]

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration

Lenmare Oil Exploration (50 25) 7 (24/4)
Voyager Pet (UK) (10p) 63 5
(By permission of the Stock Exchange Council)

RULE 163 (4) (a)

Bargains marked in securities whose principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$375	—	—	2	33.50	—	—	$379.50
GOLD C	$400	25	1.80	79	11.50	—	—	"
GOLD C	$425	3	0.60 A	80	4.90	27	11.50	"
GOLD C	$375	17	2.50	3	7.30	40	22	"
GOLD C	$400	14	20.50	—	—	—	—	"
GOLD P	$425	2	47.50 A	—	—	—	—	"
		June		Sept.		Dec.		
SILVER C	$8	3	1.30	—	—	—	—	$9.15
SILVER P	$9	5	0.60	7	1.05	—	—	"
SILVER C	$10	2	0.20	12	0.60	—	—	"
SILVER P	$9	—	—	1	0.45 A	—	—	"
SILVER P	$10	1	0.95	—	—	—	—	"
		April		July		Oct.		
AKZO C	F.90	575	2.50	391	8.80	18	12.60	F.93.20
AKZO C	F.100	—	—	517	4.30	75	7.50	"
AKZO C	F.110	—	—	246	2.20	76	4.40	"
AKZO C	F.80	—	—	122	0.70	—	—	"
AKZO P	F.90	—	—	507	5	64	4.50	"
AKZO P	F.100	539	7.50 A	197	8.80	1	9.60 B	"
AKZO P	F.110	172	17.20	148	16.80	45	17.50	"
AMRO C	F.60	105	8.70	—	—	—	—	F.69.20
AMRO C	F.65	172	3.50	—	—	—	—	"
AMRO C	F.70	680	0.10	13	2.80	1	6.50	"
AMRO P	F.70	591	0.80	105	4	—	—	"
NATN C	F.200	118	19	8	21	—	—	F219
NATN C	F.220	78	0.10	9	8.60	—	—	"
PHIL C	F.35.40	307	6.10	1	9.30	417	10.50	F.44.70
PHIL C	F.40.90	1302	4	121	5.90	101	7.40	"
PHIL C	F45.50	4425	0.10	590	2.30	282	4.40	"
PHIL P	F.40.90	—	—	144	1	11	2	"
PHIL P	F45.50	552	0.80	800	2.40	192	3.30	"
RD C	F.120	225	36.30	—	—	—	—	F.157
RD C	F.130	858	26.50	6	27	—	—	"
RD C	F.140	956	16.70	48	17.50 B	62	18.60	"
HEIN C	F.130	464	1.20	30	10.20	18	12.50	F.132.20
HEIN C	F.140	84	0.10 A	82	3.80	22	9	"
HEIN P	F.130	75	0.20	105	5.50	—	—	"
HEIN P	F.140	183	8.50	6	11	—	—	"
HOOG C	F.38.20	95	10.70	50	12.30	—	—	F.49.70
HOOG C	F.48.20	126	3.70	18	8.10	—	—	"
HOOG C	F.48.20	608	0.70	159	4.80	58	8.60	"
HOOG P	F.48.20	64	0.10	81	2.10	37	2.50	"
HOOG P	F.53.20	48	4 B	91	4.80	—	—	"
KLM C	F.160	57	10	2	15 B	—	—	F.170
KLM C	F.170	232	0.80	23	12.60	—	—	"
KLM P	F.170	282	0.80	108	8.10	16	11	"
KLM P	F.180	168	10	40	14.50	—	—	"
NEDL C	F.120	119	0.10	37	6.10	5	8.70	F.119.60
NEDL P	F.120	78	0.50	20	6	—	—	"
RD C	F.150	3113	6.70	173	10	76	13.30	"
RD C	F.160	632	0.10	490	5.50	136	8.20	"
RD C	F.170	—	—	256	2.30	30	4 A	"
RD P	F.130	—	—	315	0.40	—	—	"
RD P	F.140	—	—	167	1.40	20	3.90	"
RD P	F.150	—	—	300	4.50	12	7	"
RD P	F.160	978	3	242	11 B	—	—	"
UNIL C	F.260	424	0.10	35	7.60	4	14	F.257.30
EOE C	F.140	92	24.80	—	—	—	—	F.165.19
EOE C	F.145	5	19.60	—	—	—	—	"
EOE C	F.150	40	14.80	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 31,227

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
B.P. (*516)	390	157	—	—	3	—	—
	420	107	115	—	4	6	—
	460	65	75	—	5	10	—
	500	34	44	52	13	20	25
	550	14	33	38	46	50	55
Cons. Gold (*589)	460	137	—	—	2	—	—
	500	100	107	—	4	9	—
	550	60	70	77	15	22	25
	600	32	45	55	52	42	47
	650	15	22	30	70	75	82
Courtaulds (*155)	110	46	—	—	1	—	—
	120	36	—	—	2	—	—
	130	29	32	—	3	3	—
	140	21	24	28	4	6	7
	160	9	12	17	12	13	16
Com. Union (*217)	160	61	65	—	2	2	—
	180	43	45	—	3	6	—
	200	25	28	33	5	8	13
	220	15	20	24	11	15	20
	240	7½	14	—	27	29	—
G.E.C. (*184)	160	32	43	50	3	4	7
	180	16	26	34	6	12	12
	200	8	15	22	20	24	25
	220	6	9	—	38	38	—
Grand Met. (*352)	250	110	—	—	0½	—	—
	275	85	92	—	1½	3½	—
	300	60	68	—	5	5	—
	330	31	40	48	6	14	20
	360	16	22	28	12	38	50
I.C.I. (*628)	550	92	90	—	3	7	—
	600	46	52	60	13	22	30
	650	18	25	34	35	45	56
Land Sec. (*283)	214	71	—	—	2	—	—
	236	53	—	—	2	—	—
	240	43	55	—	3	4	—
	257	35	—	—	4	—	—
	260	30	37	—	8	9	—
	280	16	28	30	12	16	20
	300	6	15	21	25	23	32
Marks & Sp. (*257)	220	43	48	—	2	3	—
	240	27	32	38	4	7	9
	260	15	20	24	11	15	19
	280	6	10	—	25	29	—
Shell Trans. (*681)	550	110	—	—	4	—	—
	600	68	75	—	7	16	—
	650	30	45	50	20	25	33
	700	13	20	27	52	57	63

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays (*502)	420	85	—	—	1	—	—
	460	45	65	75	1	6	17
	500	15	35	47	13	20	25
	550	2	17	25	50	52	57
	600	0½	5	—	100	100	—
Imperial Gp. (*148)	120	29	—	—	1	—	—
	130	19	25	—	1	3	—
	140	10	19	22	3	4½	7
	160	1	5	5½	13	15	17
LASMO (*556)	[illegible]	61	70	82	3	8	9
	[illegible]	42	55	65	3	13	18
	550	15	34	45	5	30	27
	[illegible]	4	23	30	28	35	43
	[illegible]	1½	—	—	—	—	—
Lonrho (*135)	110	30	32	—	1	1½	—
	120	20	23	—	1	3	—
	130	12	17	—	1	4	—
	140	4	12	15	5	10	13
	160	1	3½	6½	25	25	27
P. & O. (*318)	[illegible]	81	85	—	1	2	—
	260	61	68	77	1½	3	3
	[illegible]	41	55	60	2	4	7
	300	22	37	49	3	6	13
	330	5	20	23	13	20	24
Racal (*229)	180	53	55	—	1	3	—
	200	32	37	45	1	6	8
	220	13	24	34	4	13	17
	240	6	—	—	—	—	—
	260	1½	—	—	—	—	—
R.T.Z. (*659)	550	117	132	—	1½	3	—
	600	70	82	—	2	7	—
	650	27	42	52	8	27	32
	700	3	18	30	50	62	65
Vaal Reefs (*$130)	100	31	35½	—	0½	2	—
	110	21	24	—	1	3	—
	120	12½	14	20	1	5½	7
	130	2	10½	15	5½	10	13
	140	1½	5½	8½	11	17	18½

Option		Calls June	Calls Sep.	Calls Dec.	Puts June	Puts Sep.	Puts Dec.
Beecham (*350)	[illegible]	53	56	—	2	4	—
	300	35	45	48	3	8	10
	330	13	22	28	14	18	25
	360	4	9	17	35	42	45
Bass (*360)	300	65	93	—	1	2	—
	330	55	65	65	2	6	9
	360	30	38	43	3	14	22
	390	9	18	27	23	28	33
De Beers (*$737)	750	45	75	100	25	35	53
	[illegible]	30	45	70	54	68	80
	850	13	30	48	96	113	118
	900	4	15	—	150	160	—
Guest Keen (*138)	[illegible]	40	43	—	1½	3	—
	160	21	26	35	3	5	9
	200	11	16	23	6	11	15
	220	4	8	12	25	28	31
Hanson (*195)	147	55	—	—	2	—	—
	160	41	46	—	1	1½	—
	173	30	34	—	1	3½	—
	180	25	30	35	2	5	8
	187	20	24	—	3	8	—
	200	12	17	22	10	14	17
Tesco (*125)	[illegible]	28	32	35	3	3	4
	[illegible]	13	14	19	6	10	13
	200	4	8	11	22	25	26

Apr. 27. Total Contracts 4,275 Calls. 3,375. Puts 900
*Underlying security price.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass Ltd

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Graham Unit Ass. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance PLC

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

Lloyds Life Assurance—cont.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Group

M & G Group

Manufacturers Life Insurance Co. (UK)

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

National Provident Institution

New Zealand Ins. Brit. Insce. PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Phoenix Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

TSB Life Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Ansbacher Futures Ltd.

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Barclays Unicorn International

Bank of America International S.A.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (C.I.) Ltd.

Butterfield Management Co. Ltd.

Capital International Fund S.A.

Cater Allen Investment Management (C.I.)

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

The English Association

Ermitage Management Ltd.

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurodex Investments Ltd.

Executive Life (C.I.F. Managers Ltd.)

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ldn. Agents

Gartmore Fund Managers (IOM) (a)

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Grindlay Henderson Mngt Ltd.

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

N.V. Interbeheer

International Bond Trust

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils, Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Newport International Management

Normandy Trust Managers Ltd.

Northgate Unit Tst. Mgrs. (Jersey) Ltd.

Pacific Basin Fund

Perpetual UT Mngrs (Jersey) Ltd.

Phoenix International

Providence Capital International Ltd.

Quilter/Heinold Commodities

Rea Brothers (IoM) Ltd

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Australia Asset Mgt Ltd.

Royal Bank of Canada Funds

Royal Trust Intnl. Fd. Mngt. Ltd (x)

SCI/Tech S.A.

Save & Prosper International

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Securities Selection Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Bank (Isle of Man) Ltd.

Tyndall Group

Tyndall International Assurance Ltd

M. G. Tyrrell & Co. Ltd.

Union Invest Fd Mgt Co SA Lux

Union-Investment-Gesellschaft mbH

Vanbrugh Fund Mngt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

WestLB

Westwinn Secs (Guernsey) Ltd

World Wide Growth Management

NOTES

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	97¼	Exch. 3pc 1984	99	+⅛	[illegible]	[illegible]
101	101	Treas 12pc 1984	101		[illegible]	[illegible]
105	104	Treas. 15pc 1985	104	−⅛	[illegible]	[illegible]
102¾	102¼	Exch. 12pc Cnv. '85	102		[illegible]	9.12
95	93	Treas 3pc 1985	95	−⅛	[illegible]	[illegible]
102	101	Treas 11½pc 1985	102		[illegible]	[illegible]
99	96¼	Treas 6½pcCnv '85	98		[illegible]	9.05
104	102	Exch. 12¼pc 1985	103		11.52	[illegible]
103	102	Exch. 11¾pc '86	103		[illegible]	[illegible]
102	100	Treas. 10pcCnv 1986	100		[illegible]	[illegible]
90¼	88¼	Treas 3pc 1986	89	+⅛	[illegible]	[illegible]
102	100	Exch. 10½pc Cv '86	101	+⅛	10.40	[illegible]
104	102	Treas 12pc 1986	103		11.59	[illegible]
98¼	97	Treas 8½pc 1984-86‡‡	97		[illegible]	9.5
108	107	Exch. 14pc 1986	108		[illegible]	10.17
87	85	Exch. 2½pc 1986	86	+⅛	[illegible]	[illegible]
107	106	Exch. 13¼pc 1987	106		12.41	[illegible]
100	98	Treas 10½pc '87	99		10.25	[illegible]
86	83	Exch 2½pc 1987	84	+⅛	[illegible]	8.48
101	99	Exch. 10½pc 1987	100	−⅛	10.46	10.41
92	90	Funding 6½pc '85-87‡‡	91		7.14	10.02
99	97	Treas. 10pc 1987	98		10.19	10.30
85	82	Treas 3pc 1987	83	+⅛	[illegible]	[illegible]
105	103	Treas. 12pc 1987	104		11.53	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
		Eng. & NY Trust	79	......	2.3	1.1	4.2
		Eng. & Scot. Inv.	125	......	2.1	1.0	2.4
		Equity Cons't £1	218	......	†9.71	1.0	6.4
		Do. Gtd. 50p	376	......	†11.03	1.1	4.2
		European Assets DFl1	115	+1	Q10%	ϕ	1.9
		F & C Alliance Inv.	81	......	h1.56	1.0	2.8
		F & C Ent Tst 10p	35	......	0.09	1.0	0.4
		F & C Eurotrust	115	......	1.55	1.1	1.9
		Family Inv. Tst.	186	+2	6.6	ϕ	5.1
		Fashion & Gen.	306	......	12.0	1.0	6.2

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

1984 High	1984 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
330	265	Cambridge Pet 20p	320	......	—	—	—	—
202	180	Candecca Res.	187	......	—	—	—	—
245	190	Carless Capel 10p	232	......	g2.75	1.0	1.7	(76.9)
78	69	Century 10p	70	......	3.4	2.7	6.9	7.6
84	69	Charterhall 5p	73	–1	g0.3	ϕ	0.6	ϕ
159	113	Charterhouse Pet.	158xd	+1	0.75	ϕ	0.7	ϕ
£22	£14¼	Cie Fr. Petroles B	£22	+¼	v30%	—	5.9	—
138	114	Claremont Pet NL	118	+1	—	—	—	—
110	80	Cluff Oil £1	88	+1	—	—	—	—
115	80	Do. Cnv. A	90	......	—	—	—	—

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FINANCIAL TIMES
Saturday April 28 1984

MAN IN THE NEWS

Brittan comes of age

BY MALCOLM RUTHERFORD

"I SHOULD make it clear," Mr Leon Brittan, the Home Secretary, told the House of Commons on Wednesday, "that I am speaking for the Government as a whole today and am ready to answer questions relating to all aspects of the matter—even questions which would in other circumstances be answered by my Right Hon. and learned Friend the Foreign Secretary."

That was a very unusual statement. Normally a Minister, however senior, speaks only for his own Department. But there has been something odd about the Libyan affair throughout. Mrs Thatcher was in Portugal part of the time and did not curtail her visit. Sir Geoffrey Howe, the Foreign Secretary, was in the Far East and is still there.

His wife, Elspeth, came back early and had lunch with Mr Brittan in London last Sunday. But not once did the two men talk on the telephone. Partly that was because the lines were judged to be insecure. It was

Leon Brittan

also because they knew and trusted each other well enough for the Home Secretary to be allowed to get on with it. It is hard to imagine a closer political friendship.

There is just the slight hint of relief on Mr Brittan's part that the Prime Minister resisted any natural instinct to interfere. It was his first real experience of the Foreign Office. He enjoyed it, found it intelligent, but needing guidance in the preparation of a case. In one of those incomparably British stories which tell so much about relations between civil servants and their political masters, he says that there was a man called Stephen who was "really very good indeed," but whose surname he never caught. (It must have been Mr Stephen Wall of Sir Geoffrey's Private Office.)

Mr Brittan decided to speak for the Foreign Office on Wednesday, having put its case on the conduct of Anglo-Libyan relations into rather better shape, in order to preempt attacks on the Foreign Office later. He is aware that there is a dangerous myth developing in the Tory Party that the Foreign Office is interested only in protecting foreigners, and he does not want it perpetuated.

His initial approach was rather more aggressive. He was among the first to want an end to diplomatic relations. He would have liked the security forces to go into the Libyan mission to look for weapons and suspects: after all, he is on record as favouring capital punishment for terrorists.

He was restrained by his understanding of the law. The Vienna Convention which covers diplomatic immunities is also enshrined in domestic law by the Diplomatic Privileges Act 1964. Any case brought in a British court would thus have been liable to acquittal on a preliminary point.

The Home Secretary became more confident about the outcome with the arrival in London on Tuesday of Col. Abd-al Rahman Shaibi, the deputy minister of public security, with full powers to negotiate the Libyan departure. Whoever was responsible for his appointment deserves a prize. The British authorities think highly of him. He was a policeman for 10 years under King Idris.

Meanwhile, there is a domestic point. The Home Secretary has become a vastly improved performer in the House of Commons since that disastrously received, though capital speech on capital punishment last July. He has followed and come of age.

Pit strike support hits Ravenscraig

BY JOHN LLOYD, INDUSTRIAL EDITOR

BRITAIN'S steel industry is likely to be the first major sector to suffer the effects of the miners' strike, now ending its seventh week.

The Scottish Triple Alliance of coal, steel and rail unions toughened its position yesterday by announcing that supplies of coking coal to the Ravenscraig steel complex would be limited to one trainload a day —enough to keep the furnaces ticking over, but insufficient for any steel production.

Mr Mick McGahey, the National Union of Mineworkers' Scottish area president, said it was time to "increase the bite" of the strike. Earlier this month, the Scottish miners had agreed with steel union officials that the plant's main customers would be safeguarded by providing at least two trainloads of coal a day.

The steelworkers' leaders made no comment after the meeting. Ravenscraig workers are to meet on Sunday to consider the situation.

Production of steel at the Scunthorpe plant is now down to some 20,000 tonnes, around one-third of normal production, the lowest level possible before a shutdown of steelmaking. The remaining three steel complexes —Llanwern, Port Talbot and Teesside—remain in normal production, but are increasingly fearful for the future.

Mr Arthur Scargill, the NUM President, fed these fears yesterday when he called on miners to "raise the whole tempo" of the strike during a speech at Ollerton Colliery, in Nottinghamshire.

He said: "I call on every Nottinghamshire mineworker to join us. If they do that, we will not only win this dispute and save our jobs but also retain our dignity and self-respect."

However, the National Coal Board later reported 52 pits producing coal—the same as yesterday—with higher attendances in the western area than before. Attendances in the Nottinghamshire field, the main centre of resistance to the strike, continued to be near normal, the board said.

Figures released yesterday by the Central Electricity Generating Board confirm the size of the NUM leadership's task. Electricity demand is dropping, more rapidly than usual, from its peak January levels of 50bn units a day to the normal May figure of 35bn units a day.

"Lancashire's miners, who are split over the strike, are to be consulted on the future of the dispute before a special area conference in Bolton on Monday.

● Mr Douglas Hurd, the Home Office Minister, said yesterday a total of 52 police officers have been injured during the miners' dispute between April 9 and 25. He said that 532 arrests had been made, including 259 in Nottinghamshire and 124 in South Yorkshire.

R-R gives U.S. airline £30m backing

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the UK aero-engine manufacturer, is providing more than \$42.5m (£30m) in equity and loans to help finance deevlopment of a new U.S. airline, in return for an eventual order for Boeing 757 jet airliners using Rolls-Royce engines.

In two separate deals, the company is investing an initial \$2.5m equity in the capital of Jet Express of Chicago. It is also lending the airline \$40m to help it buy an initial four secondhand Boeing 727-200 three-engined jets. The latter will have Pratt and Whitney power-plants and will enable Jet Express to start operations.

In return, the Chicago airline has agreed to order two 223-seat Boeing 757-300 twin-engined jet airliners, worth about \$42m each, for delivery in 1986, equipped with Rolls-Royce RB-211-535 engines.

Further Boeing 757-200 orders with RB-211s are expected as the airline expands. With spares, the initial 757 jet orders could be worth over \$100m.

This is believed to be the first time that an engine manufacturer has helped finance the creation of an airline in a bid to win engine orders. Some time ago, Rolls-Royce helped with the purchase of a fleet of Lockheed TriStar jets for Pan American World Airways, involving RB-211 engines, but the deal covered aircraft and engines and did not involve any equity.

Jet Express was founded by Mr Kenneth T. Carlson, formerly of Midway Airlines and New York Air, and several U.S. aviation experts. It plans to start a low-fare, no-frills service in June between Chicago and New York (New Jersey) and Los Angeles.

Expansion on other routes is planned, involving acquisition of another four Boeing 727s, although it is not clear whether those will involve Rolls-Royce finance.

According to a prospectus filed with the U.S. Securities and Exchange Commission, the Rolls-Royce equity investment of \$2.5m buys the UK engine company 100,000 shares of Series A preferred stock. This will be converted into common stock when the airline's public share offering is completed. The effect will be to give Rolls-Royce about 6.2 per cent of the Jet Express common stock.

Of the initial four Boeing 727-200 jets, one will be bought by Rolls-Royce for about \$12m from The Age of Enlightenment Trust Company (affiliated with Maharishi Mahesh Yogi and the Haharishi International University) and leased to Jet Express.

The other three 727-200s will come from Boeing, which bought them from Denmark's Sterling Airways. This involves another \$26m.

'Tiny' and his bird in a gilded cage

John Moore talks to 'Tiny' Rowland about the Observer's future

MONDAY WILL be another busy day for Mr Roland "Tiny" Rowland, chief executive of Lonrho, owner of Britain's oldest Sunday newspaper, the Observer.

Unidentified overseas interests, he said yesterday, have expressed interest in buying the paper which Lonrho has described as "a monster out of control." They may be dropping in to see the man widely regarded as the UK's most unpredictable tycoon.

There is also a board meeting of the Observer at which Mr Rowland may encounter the five independent directors who supported Mr Donald Trelford, the editor, about his Zimbabwe "atrocities report" which sparked off the most public row between an editor and his proprietor for years.

In a sixth-floor office yesterday Mr Rowland was in reflective mood as he eased his tall frame into a chair. Behind him on a wall was a mock-up front page of the Observer carrying a large picture of himself.

Dated November 28 1982 it was captioned "Our senior citizen," and read "Happy Birthday Tiny fro meveryone at the Observer." It marked his 65th birthday in obviously more happier times.

He was in coruscating form. He had been stung by the behaviour of the five independent directors. "We did not know them when they were chosen nearly three years ago. And we do not know them now.

"These people were chosen at two in the morning with the Trade Department, who had to rely on a Who's Who."

His attack was levelled at Sir Derek Mitchell, a former senior civil servant at the Treasury; Sir Geoffrey Cox, founder of News at Ten and former deputy chairman of Yorkshire TV; Mr William Clarke, former Observer diplomatic correspondent; Dame Rosemary Murray, former president of New Hall, Cambridge; and Lord Windlesham, chairman of the Parole Board and a former managing director of ATV Network TV.

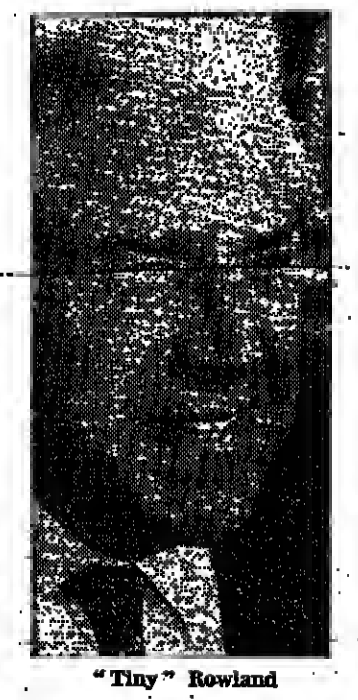
Mr Rowland has already reduced their fees from £4,000 to £1,000 each, and yesterday there were strong suggestions that even that amount might disappear following their support of the editor.

"I think they will probably offer to forego their fees. It must after all be degrading to accept £1,000 from a great newspaper like the Observer which we all work for."

The directors, appointed to safeguard the editorial independence of the paper after the takeover by Lonrho, would be retained by Lonrho. "We have no intention of removing them," said Mr Rowland. "Even if we could."

So how does he describe the relationship between himself and Mr Donald Trelford? "We look upon Donald Trelford as part of the family, a cousin once removed.

"We shan't do anything that is unfair to the 700 people working for the Observer, but we will not keep a bird in a gilded cage.



"Tiny" Rowland

"It has had years of expensive support. After all, the Astors could not afford to keep it, Atlantic Richfield [the previous owners] separated themselves from it, and while I am very proud to be the chairman of the Observer I feel I cannot afford to disregard the market and declining readership of the Observer."

But would he sell the paper, and would he sell to Mr Robert Maxwell, the equally tempestuous entrepreneur with whom he has held tentative discussions?

"Maxwell would be our chosen victim for any sale. He is a deal richer than the Astors and can afford to keep the gilded bird."

Before it is sold, there are likely to be changes in the style of management. Budgets will have to be adhered to.

"The independent directors have said that Lonrho, by disassociating itself from an article in the Observer, constitutes an inhibition on the editor's freedom.

"It follows that spending £8m on the Observer in two-and-a-half years must be similarly inhibiting.

"In the past we have had to insist that Lonrho companies supported the Observer often against the advice of their own advertising managers.

"Thanks to the prudent advice of the independent directors I now see that this was quite wrong of us," he growled.

"We must have an effective team who have some commercial grasp." Mr Rowland was coy about whether Lonrho would withdraw any advertising from the paper, but said that it planned to advertise in a forthcoming supplement on Mexico.

About his long-term plans for House of Fraser: "Do you honestly think we are going to give up? Do I look as though I am on my last legs?

"We want House of Fraser to hive off Harrods. We want to increase our investment (Lonrho has a 29.9 per cent stake) from £120m to £200m."

He concluded: "We want Prof Roland Smith," the Fraser chairman, "to go ahead and de-merge Harrods." With that he went back to his desk.

It is going to be a long hot summer.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Blue Circle	440	+ 10
Cosalt	80	+ 6
Dubilier	180	+ 8
Flight Refuelling	279	+ 9
Garfunkels Restaurants	260	+ 22
Guinness Peat	62	+ 5
Halstead (J.)	60	+ 21
Hepworth (J.)	310	+ 14
Hogg Robinson	207	+ 9
Lister	67	+ 7
Merrydown Wine	440	+ 40
Midland Inds.	10*	+ 3
P. & O. Dfd.	325	+ 13
Racal Elect.	229	+ 11
Ryl. Bank of Scot.	246	+ 24
Spear & Jackson	168	+ 6
Tarmac	526	+ 12
UBM	159	+ 10
Vickers	172	+ 5
Wedgwood	145	+ 8
Brunswick Oil	26	+ 10
Byron Oil & Gas	470	+ 55
Clyde Petroleum	150	+ 23
Eglinton Oil & Gas	163	+ 18
Copeng Cons.	220	+ 15
Kamunting Tin	265	+ 35
FALLS		
Tewles A N/V	64	− 12
Wimpey (G.)	132	− 5
Pengkalen	750	− 50

* Price at suspension.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Corfu	S	18	64	Luxmbg.	S	13	55	Peking	S	15	59
Algiers	S	20	68	Dallas	C	17	63	Madeira	F	18	66	Perth	S	25	77
Amsdm.	S	15	59	Dublin	S	16	61	Madrid	S	21	70	Prague	F	8	45
Athens	S	18	64	Dbrvnk.	F	14	57	Majorca	S	21	70	Rykjvk.	R	8	46
Bahrain	S	26	79	Ednbgh.	S	9	48	Malaga	S	19	66	Rhodes	S	18	64
Barclna.	S	18	64	Faro	F	19	66	Malta	S	18	64	Rio J'o†	—	—	—
Belfast	S	18	66	Florence	F	18	66	M'chstr	S	18	66	Rome	S	18	64
Belgrd.	C	6	43	Frankft.	S	13	55	Melbne.	F	17	63	Salzbrg.	S	10	50
Berlin	S	12	54	Geneva	S	19	66	Mx. C.†	—	—	—	S'ciscot	F	6	43
Biarritz	a	25	77	Gl'sg'w	S	17	63	Miami†	S	22	72	Singapr.	T	28	82
Bmghm.	S	14	57	G'rnsey	S	12	54	Milan	S	24	75	S'tiago†	—	—	—
Blackpl.	S	15	59	Helsinki	a	7	45	Montrl.†	S	7	45	Stckhm.	S	8	46
Bombay	S	32	90	H. Kong	R	21	70	Moscow	F	15	59	Strsbg.	S	15	59
Bordx.	S	24	75	Innsbrk.	F	14	57	Munich	S	8	46	Sydney	S	23	73
Boulgn.	S	15	59	Invrnss.	S	10	50	Naples	S	19	66	Tangier	C	17	63
Bristol	S	17	63	I.o.Man	S	12	54	Nassau	—	—	—	Tel Aviv	S	29	84
Brussels	S	15	59	Istanbul	S	13	55	Nwcstle.	S	14	57	Tenerife	C	21	70
Budpst.	F	8	46	Jersey	S	15	59	N Delhi	S	38	100	Tokyo	F	20	68
Cairo	S	33	91	Jo'burg	a	14	57	N York†	S	8	46	T'r'nto†	S	12	54
Cardiff	S	15	59	L. Plms.	C	22	72	Nice	F	17	63	Tunis	a	21	70
Cape T.	S	18	64	Lisbon	C	18	64	Nicosia	a	21	70	Valencia	a	21	70
Chicg.†	C	17	63	Locarno	S	24	75	Oporto	a	20	68	Venice	a	18	61
Cologne	S	14	57	London	S	17	63	Oslo	S	14	57	Vienna	F	6	43
Cpnhgn.	S	12	54	L. Ang.†	F	11	52	Paris	S	20	68	Zurich	S	14	57

S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Equities

Continued from Page 1

suffered its heaviest ever one day setback for two and a half years when, on April 16, it fell 20.0 to 875.2.

The new tap announced yesterday follows the exhaustion of the £200m tranche of Treasury 1985 stock and the probable near-exhaustion of the £200m tranche of Treasury 1987, which the Bank had available. The new stock seems to follow a recent pattern of reverting to more conventional large tap stocks in the middle to short end of the maturity range.

It will be issued by tender on May 2 on a 50 per cent partly paid basis, with the balance due on June 4. The minimum tender price has been set at £95.5, in line with the price of similar stocks in the maturity range.

Jobless

Continued from Page 1

average number of vacancies in job centres was little changed, business was much brisker.

The latest comparison on the Organisation for Economic Co-operation and Development's criteria shows the unemployed in the UK at 13.3 per cent of the workforce compared with 8.2 per cent for the OECD countries as a whole and 10.4 per cent in Europe.

Countries with higher unemployment are: Spain (18 per cent), the Netherlands (14 per cent) and Belgium (15 per cent). The lowest unemployment rate is in Japan and Norway both with about 2.7 per cent.

Sir Terence Beckett, director general of the Confederation of British Industry, said: "This is a welcome spring tonic but we cannot afford to relax."

Mr Len Murray, general secretary of the Trades Union Congress, commented: "This level of unemployment is as scandalous a waste now as it was two years ago."

SDA wins U.S. award

THE Scottish Development Agency has won an industrial award in the U.S. for outstanding research into Scotland's electronics industry.

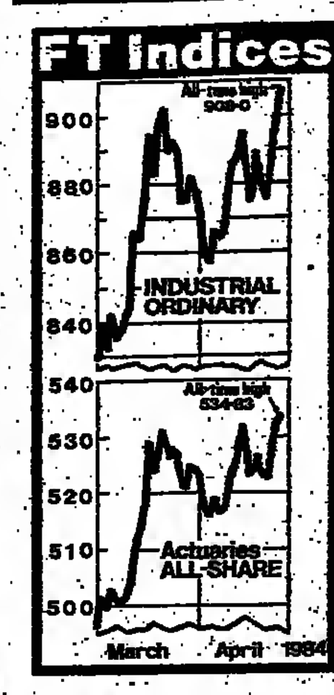
The Industrial Development Research Council has commended agency staff for study entitled "The Semiconductor Industry in Scotland."

The award, jointly sponsored by the IDRC and Conway Data of Atlanta will be received by Mr Cameron McPhail

THE LEX COLUMN

The City makes its pitch

Index rose 8.9 to 908.0



It is surely a good thing that the Government is going to make its mind up quickly about investor protection. At the rate the markets themselves are changing shape it would seriously undermine confidence if the authorities were content to pant along behind, inventing fresh machinery to take care of each new regulatory need.

Similarly, yesterday's speech by the Governor of the Bank of England made a serious point in rejecting the old maxim of "caveat emptor" as a sufficient basis for the protection of investors in a market where investment products are increasingly likely to be bought from financial supermarkets, the sort of vendors which will inevitably have their fingers in more than one pie at a time.

Like the Council for the Securities Industry, which produced its submission on the Gower report earlier in the week, the Governor seemed to have taken his eye off the ball, ducking into some difficult bouncers which confront anyone who takes on the idea of self-regulation. In emphasising the interests of the financial services industry, Mr Leigh-Pemberton points out that it is, after all, not regulation which makes money — both the Governor and the CSI appear almost to think that the prime object of regulation is to protest the good name of the practitioners who are being regulated. That is presumably one reason why self-regulation appeals so strongly to them.

Yet the reputation of the financial industry is a secondary objective; it should flow naturally from the true priority of making sure that investors are fairly treated. In particular, there seems to be a self-destructive tension in the very idea of creating supervisory bodies — such as the CSI aspires to become—which also represents the interests of the industry which they are designed to keep in order. That sort of institution just threatens to reproduce the conflicts of interest which regulation is intended to rule out.

Markets

Sunny skies have smiled on the stock market this week lifting share prices, especially the brewers', and helping the FT 30 index back through the 900 level. There is more to it than that, though, with the investing community shrugging off bad news, and concenrating on the good. The miners, pushed off the front pages by the Libyans, are not having much effect on industry, and anyway more men seem to be drifting back to the pits. And the other spectre—cash calls—could be receding too, as Reuters looks harder to sell, meaning a lower price, and perhaps BT will be coming cheaper—and later—too.

None of the week's UK company results was quite able to match the pace of recovery reported in the U.S. by Ford, whose domestic net profits in the first quarter have accelerated from \$111m to \$683m. But the reaction to ICI's March figures has looked spirited enough to reverse, for a while at least, the relative underperformance of ICI's shares seen since the end of last year.

Another market favourite which earlier caused some slight disappointment over its December quarter is BOC, itself due to report its March quarterly performance soon. The alertness of some brokers to the potential for another rebound on the ICI pattern is a fair reflection of the City's current optimism. And the recent enthusiasm over the prospects for dividend growth has been dented not at all by this week's results.

Gilts have been left in the shade by the equity market's excitement. Attempts at a recovery in prices this week faltered on the Government Broker's tap announcement yesterday afternoon. The new convertible, the usual bait to pull in buyers at both ends of the maturity spectrum, is priced in line with shorts, and a point or so dear against longs. Meanwhile its £50 down-payment, with only one call to follow, suggests a growing urgency in the Treasury's funding programme.

Suspended shares

When to suspend the shares of a company in serious financial difficulties must be one of the more delicate judgments facing any of the City's watchdogs. Ideally, of course, the company itself should act in time to prevent a false market arising—and Midland Industries this week ought surely to have anticipated the consequences of its delay in reporting its 1983 accounts and of its appointment of Hill Samuel as an additional, independent adviser to help it in talks with its commercial bankers.

But it did not, and when news emerged that a prominent shareholder had sold a large block, the shares dropped on Thursday from 16p to 7p. Yet on Friday morning, trading was allowed to recommence and another day of wild price gyrations threatened before Hill Samuel very properly requested a suspension on the company's behalf just before 10 am. The Stock Exchange has traditionally preferred on these occasions to act at the request of the company, and understandably so; but less respect for such traditions might be thought a price worth paying by champions of self-regulation for tomorrow's City.